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House of Representatives

Washington, D. C.

**Subcommittee on Territorial
and Insular Affairs of the
Committee on Interior and
Insular Affairs.**

February 23, 1960

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H. R. 10434, H. R. 10443,
H. R. 10456, H. R. 10463,
and H. R. 10475

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TUESDAY, FEBRUARY 23, 1960

House of Representatives,

Subcommittee on Territorial
and Insular Affairs of the
Committee on Interior and
Insular Affairs,

Washington, D. C.

The subcommittee met, pursuant to call, at 9:45 a. m., in the committee room, New House Office Building, Honorable Leo W. O'Brien, chairman of the subcommittee, presiding.

Mr. O'Brien. The Subcommittee on Territorial and Insular Affairs will be in order for hearing on the several bills to amend certain laws of the United States providing for admission of the State of Hawaii into the Union and for other purposes. This legislation was introduced as a result of an executive communication. Similar legislation was enacted last year for the State of Alaska, at which time this committee was given jurisdiction in the matter, thereby perhaps setting something of a precedent.

There are matters in the several bills affecting the jurisdiction of other committees, and we will ask for comment from the chairmen of those other committees. In fact, that has already been requested.

Unless there is objection, H.R. 10443, by Congressman Inouye, will be printed in the record at this point, with appropriate references to H. R. 10434, by Mr. Aspinall, H. R. 10456 by O'Brien of New York, H. R. 10463 by Mr. Saylor, and H. R. 10475, by Mr. Westland.

(H. R. 10443 is as follows:)

(COMMITTEE INSERT)

(A)

86TH CONGRESS
2D SESSION

H. R. 10443

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 1960

Mr. INOUE introduced the following bill; which was referred to the Committee on Interior and Insular Affairs

A BILL

To amend certain laws of the United States in light of the admission of the State of Hawaii into the Union, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Hawaii Omnibus Act".

4 **PRINTING OUTSIDE UNITED STATES**

- 5 SEC. 2. Subsection (a) of section 2 of the Act of Au-
6 gust 1, 1956 (70 Stat. 890), is amended by striking out
7 the words "the continental United States" and inserting in
8 lieu thereof the words "the States of the United States and
9 the District of Columbia".

1

SUGAR ACT

2

SEC. 3. Section 101 (j) , 203, 205 (a) , 209 (a) , 209 (c) ,
3 and 307 of the Sugar Act of 1948, as amended, are each
4 amended by striking out the words "the Territory of" in
5 each place where they appear therein.

6

SOIL BANK ACT

7

SEC. 4. Section 113 of the Soil Bank Act, as amended, is
8 amended to read as follows: "This subtitle B shall apply to
9 the several States and, if the Secretary determines it to be in
10 the national interest, to the Commonwealth of Puerto Rico
11 and the Virgin Islands; and as used in this subtitle B, the
12 term 'State' includes Puerto Rico and the Virgin Islands."

13

ARMED FORCES

14

SEC. 5. (a) Title 10, United States Code, section 101
15 (2) , is amended by striking out the words "Hawaii or".

16

(b) Title 10, United States Code, sections 802 (11)
17 and 802 (12) , are each amended by striking out the words
18 "the main group of the Hawaiian Islands,".

19

(c) Title 10, United States Code, section 2662 (c) , is
20 amended by striking out the word ", Hawaii,".

21

(d) Title 10, United States Code, is amended by strik-
22 ing out clause (6) of section 4744; by renumbering clauses
23 (7) through (9) as clauses (6) through (8) ; by amending
24 redesignated clause (8) to read as follows: "The families
25 of persons described in clauses (1) , (2) , (4) , (5) , and

1 (7)."; and by striking out the words "clause (8) or (9)"
2 in the last sentence of such section and inserting in lieu
3 thereof the words "clause (7) or (8)".

4 **HOME LOAN BANK BOARD**

5 **SEC. 6.** (a) Paragraph (3) of section 2 of the Federal
6 Home Loan Bank Act, as amended, is further amended by
7 striking out the words "the Virgin Islands of the United
8 States, and the Territory of Hawaii" and by inserting in
9 lieu thereof the words "and the Virgin Islands of the United
10 States".

11 (b) Section 7 of the Home Owners' Loan Act of 1933,
12 as amended, is further amended by striking out the words
13 "Territory of Hawaii" and inserting in lieu thereof the words
14 "State of Hawaii".

15 **NATIONAL HOUSING ACT**

16 **SEC. 7.** The National Housing Act is amended by strik-
17 ing out the word "Hawaii," in sections 9, 201 (d), 207 (a)
18 (7), 601 (d), 713 (q), and 801 (g).

19 **SECURITIES AND EXCHANGE COMMISSION**

20 **SEC. 8.** (a) Paragraph (6) of section 2 of the Securitie
21 Act of 1933, as amended, is further amended by striking out
22 the word "Hawaii,".

23 (b) Paragraph (16) of section 3 (a) of the Securities
24 Exchange Act of 1934, as amended, is further amended by
25 striking out the word "Hawaii,".

1 (c) Paragraph (37) of section 2 (a) and paragraph
2 (1) of section 6 (a) of the Investment Company Act of
3 1940, as amended, are each amended by striking out the
4 word "Hawaii,".

5 (d) Paragraph (18) of section 202 (a) of the Invest-
6 ment Advisers Act of 1940, as amended, is further amended
7 by striking out the word "Hawaii,".

8 SMALL BUSINESS INVESTMENT ACT

9 SEC. 9. Paragraph (4) of section 103 of the Small
10 Business Investment Act of 1958 is amended by striking out
11 the words "the Territories of Alaska and Hawaii,".

12 SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

13 SEC. 10. (a) Section 8 (b) of the Soil Conservation and
14 Domestic Allotment Act, as amended, is further amended by
15 striking out the words "in the continental United States,
16 except in Alaska," and inserting in lieu thereof the words
17 "in the States of the Union, except Alaska,".

18 (b) Section 17 (a) of the Soil Conservation and Do-
19 mestic Allotment Act, as amended, is further amended to
20 read as follows: "This Act shall apply to the States, the
21 Commonwealth of Puerto Rico, and the Virgin Islands, and,
22 as used in this Act, the term 'State' includes Puerto Rico
23 and the Virgin Islands."

1 WATER STORAGE AND UTILIZATION

2 SEC. 11. Section 1 of the Act of August 28, 1937 (50
3 Stat. 869), as amended, is further amended by striking out
4 the words "the United States, including the Territories of
5 Alaska and Hawaii, and Puerto Rico and the Virgin Islands"
6 and inserting in lieu thereof the words "the States of the
7 United States and in Puerto Rico and the Virgin Islands".

8 WILDLIFE RESTORATION

9 SEC. 12. Section 2 of the Act of September 2, 1937
10 (50 Stat. 917), as amended, is further amended by striking
11 out the words "; and the term 'State' shall be construed
12 to mean and include the several States and the Territory
13 of Hawaii".

14 FISHERY RESOURCES

15 SEC. 13. The Act of August 4, 1947 (61 Stat. 726),
16 is amended—

17 (a) by striking out the words "the Territories and
18 island possessions of the United States" and inserting
19 in lieu thereof the words "the United States and its
20 island possessions" in sections 1 and 2;

21 (b) by striking out the words "Territory of Hawaii
22 and" in section 1;

23 (c) by striking out the word "Territorial" and

1 inserting in lieu thereof the word "State" in section 3;
2 and

3 (d) by striking out the words "Hawaiian Islands"
4 and "Territory of Hawaii" and inserting in lieu thereof,
5 in both cases, the words "State of Hawaii" in section 4.

6 FISH RESTORATION

7 SEC. 14. Section 2 (d) of the Act of August 9, 1950
8 (64 Stat. 431), as amended, is further amended by strik-
9 ing out the words ":", and the term 'State' shall be construed
10 to mean and include the several States and the Territory of
11 Hawaii".

12 CRIMINAL CODE

13 SEC. 15. (a) Title 18, United States Code, section
14 1401, is amended by striking out the words "the Terri-
15 tory of Alaska, the Territory of Hawaii,".

16 (b) Title 18, United States Code, section 5024, is
17 amended by striking out the words preceding the first
18 comma and inserting in lieu thereof the words "This chapter
19 shall apply in the States of the United States".

20 (c) Section 6 of Public Law 35-752, as amended, is
21 further amended by striking out the words preceding the
22 first comma and inserting in lieu thereof the words "Sec-
23 tions 3 and 4 of this Act shall apply in the States of the
24 United States".

1 (d) Notwithstanding subsections (b) and (c) of this
2 section, sections 4208 and 4209 and chapter 402 of title
3 18, United States Code, shall not apply in Alaska until July
4 7, 1961, or until the effective date of the Executive order
5 referred to in section 18 of the Act of July 7, 1958 (72
6 Stat. 339, 350), providing for the admission of the State
7 of Alaska into the Union, whichever occurs first.

8 EDUCATION

9 National Defense Education Act

10 SEC. 16. (a) (1) Subsection (a) of section 103 of the
11 National Defense Education Act of 1958, relating to defini-
12 tion of State, is amended by striking out "Hawaii," each
13 time it appears therein.

14 (2) (A) Paragraph (2), and subparagraph (C) of
15 paragraph (3), of subsection (a) of section 302 of such
16 Act, relating to allotments for science, mathematics, and
17 foreign language instruction equipment, are each amended
18 by striking out "continental United States" each time it
19 appears therein and inserting in lieu thereof "United States".

20 (B) Effective in the case of promulgations of allotment
21 ratios made, under section 302 of such Act, after enactment
22 of this Act and before satisfactory data are available from
23 the Department of Commerce for a full year on the per

1 capita income of Alaska, subparagraph (B) of such para-
2 graph (3) is amended to read:

3 “(B) The term ‘United States’ means the continental
4 United States (excluding Alaska) and Hawaii.”

5 (C) Effective in the case of promulgations of allotment
6 ratios made under such section 302 after such data for a
7 full year are available from the Department of Commerce,
8 subparagraph (B) of such paragraph (3) is amended to
9 read:

10 “(B) The term ‘United States’ means the fifty States
11 and the District of Columbia.”

12 Promulgations of allotment ratios made under such
13 section 302 after such data for a full year are available
14 from the Department of Commerce, but before such data
15 are available therefrom for a full three-year period, shall
16 be based on such data for such one full year or, when
17 such data are available for a two-year period, for such two
18 years.

19 (3) Section 1008 of such Act, relating to allotments
20 to territories, is amended by striking out “Hawaii.”

21 VOCATIONAL EDUCATION

22 (b) (1) Section 4 of the Act of March 10, 1924 (43
23 Stat. 18), extending the benefits of the Smith-Hughes voca-
24 tional education law to Hawaii, is repealed.

1 (2) The last sentence of section 2 of the Act of Februa-
2 ary 23, 1917 (39 Stat. 930), relating to allotments for
3 salaries of teachers of agricultural subjects, is amended by
4 striking out "\$27,000" and inserting in lieu thereof "\$28,-
5 500". The last sentence of section 4 of such Act, as
6 amended, relating to allotments for teacher training, is
7 amended by striking out "\$98,500" and inserting in lieu
8 thereof "\$105,200".

9 (3) Paragraph (1) of section 2 of the Vocational
10 Education Act of 1946, relating to definition of States and
11 Territories, is amended by striking out "the Territory of
12 Hawaii,".

13 (4) Subsection (e) of section 210 and subsection (a)
14 of section 307 of such Act, relating to definition of State,
15 are each amended by striking out "Hawaii,".

16 School Construction Assistance in Federally Affected Areas

17 (c) Paragraph (13) of section 15 of the Act of Septem-
18 ber 23, 1950 (64 Stat. 967), as amended, relating to defini-
19 tion of State, is amended by striking out "Hawaii,".

20 School Operation Assistance in Federally Affected Areas

21 (d) (1) The material in the parentheses in the first sen-
22 tence of subsection (d) of section 3 of the Act of September
23 30, 1950, as amended, relating to determination of local con-

1 tribution rate, is amended to read: "(other than a local
2 educational agency in Puerto Rico, Wake Island, Guam, or
3 the Virgin Islands, or in a State in which a substantial pro-
4 portion of the land is in unorganized territory for which a
5 State agency is the local educational agency, or in a State in
6 which there is only one local educational agency)".

7 (2) The fourth sentence of such subsection is amended
8 by striking out "in the continental United States (including
9 Alaska)" and inserting in lieu thereof "(other than Puerto
10 Rico, Wake Island, Guam, or the Virgin Islands)" and by
11 striking out "continental United States" in clause (ii) of such
12 sentence and inserting in lieu thereof "United States (which
13 for purposes of this sentence and the next sentence means
14 the fifty States and the District of Columbia)". The fifth
15 sentence of such subsection is amended by striking out "con-
16 tinental" before "United States" each time it appears therein
17 and by striking out "(including Alaska)".

18 (3) The last sentence of such subsection is amended
19 by striking out "Hawaii," and by inserting after "for which
20 a State agency is the local educational agency," the follow-
21 ing: "or in any State in which there is only one local
22 educational agency,".

23 (4) Paragraph (8) of section 9 of such Act, relating
24 to definition of State, is amended by striking out "Hawaii,".

1 Land-Grant College Aid

2 (e) Notwithstanding the last sentence of subsection
3 (b) of section 5 of the Act entitled "An Act to provide for
4 the admission of the State of Hawaii into the Union",
5 approved March 18, 1959 (73 Stat. 4; Public Law 86-3),
6 there is hereby authorized to be appropriated to the State of
7 Hawaii the sum of \$36,000,000. Amounts appropriated
8 under this subsection shall be held and considered to be
9 granted to such State subject to those provisions of the Act
10 entitled "An Act donating public lands to the several States
11 and Territories which may provide colleges for the benefit
12 of agriculture and the mechanic arts", approved July 2,
13 1862 (7 U.S.C. 301-308), applicable to the proceeds from
14 the sale of land or land scrip.

15 IMPORTATION OF MILK AND CREAM

16 SEC. 17. Subsection (b) of section 9 of the Act of
17 February 15, 1927 (44 Stat. 1103), as amended, is
18 amended to read:

19 "(b) The term 'United States' means the fifty States
20 and the District of Columbia."

21 OPIUM POPPY CONTROL

22 SEC. 18. Section 12 of the Opium Poppy Control Act
23 of 1942, as amended, is further amended by deleting there-
24 from the words "the Territory of Hawaii,".

HIGHWAYS

1
2 SEC. 19. (a) The definition of the term "State" in title
3 23, United States Code, section 101 (a), is amended to read
4 as follows:

5 "The term 'State' means any one of the fifty States, the
6 District of Columbia, or Puerto Rico."

7 (b) Sections 103 (g) and 105 (c) of title 23, United
8 States Code, are repealed.

9 (c) Section 103 (d) of title 23, United States Code, is
10 amended to read as follows:

11 "(d) The Interstate System shall be designated within
12 the United States, including the District of Columbia, and it
13 shall not exceed forty-one thousand miles in total extent.
14 It shall be so located as to connect by routes, as direct as
15 practicable, the principal metropolitan areas, cities, and in-
16 dustrial centers, to serve the national defense and, to the
17 greatest extent possible, to connect at suitable border points
18 with routes of continental importance in the Dominion of
19 Canada and the Republic of Mexico. The routes of this sys-
20 tem, to the greatest extent possible, shall be selected by joint
21 action of the State highway departments of each State and
22 the adjoining States, subject to the approval by the Secretary
23 as provided in subsection (e) of this section. All highways
24 or routes included in the Interstate System as finally ap-
25 proved, if not already coincident with the primary system,

1 shall be added to said system without regard to the mileage
2 limitation set forth in subsection (b) of this section. This
3 system may be located both in rural and urban areas."

4 (d) Notwithstanding any other provision of law, for
5 the purpose of expediting the construction, reconstruction, or
6 improvement, inclusive of necessary bridges and tunnels, of
7 the Interstate System, including extensions thereof through
8 urban areas, designated in accordance with section 103 (d)
9 of title 23, United States Code, as amended by section 1 of
10 this Act, the sum of \$12,375,000 shall be apportioned to
11 the State of Hawaii out of the sum authorized to be appro-
12 priated for the Interstate System for the fiscal year ending
13 June 30, 1962, under the provisions of section 108 (b) of
14 the Federal-Aid Highway Act of 1956 (70 Stat. 374), as
15 amended by section 7 (a) of the Federal-Aid Highway Act
16 of 1958 (72 Stat. 89), such apportionment to be made
17 at the same time such funds are apportioned to other States.
18 The total sum to be apportioned under section 104 (b) (5)
19 of title 23, United States Code, for the fiscal year ending
20 June 30, 1962, among the States other than Hawaii, shall
21 be reduced by said sum apportioned to the State of Hawaii
22 under this section. The Secretary of Commerce shall ap-
23 portion funds to the State of Hawaii for the Interstate
24 System for the fiscal year 1963 and subsequent fiscal years
25 pursuant to the provisions of said section 104 (b) (5) of

1 title 23, United States Code, and, in preparing the estimates
2 required by that section, he shall take into account the
3 apportionment made to the State of Hawaii under this
4 section.

5 (e) Section 127 of title 23, United States Code, is
6 amended by adding at the end thereof the following sen-
7 tence: "With respect to the State of Hawaii, laws or regu-
8 lations in effect on February 1, 1960, shall be applicable
9 for the purposes of this section in lieu of those in effect on
10 July 1, 1956."

11 INTERNAL REVENUE

12 SEC. 20. (a) Section 4262(c)(1) of the Internal
13 Revenue Code of 1954 (relating to the definition of "con-
14 tinental United States" for purposes of the tax on trans-
15 portation of persons) is amended to read as follows:

16 "(1) CONTINENTAL UNITED STATES.—The term
17 'continental United States' means the District of Co-
18 lumbia and the States other than Alaska and Hawaii."

19 (b) Section 2202 of the Internal Revenue Code of 1954
20 (relating to missionaries in foreign service) is amended by
21 striking out "the State, the District of Columbia, or Hawaii"
22 and inserting in lieu thereof "the State or the District of
23 Columbia".

24 (c) Section 3121(e)(1) of the Internal Revenue Code

1 of 1954 (relating to a special definition of "State") is
2 amended by striking out "Hawaii,".

3 (d) Sections 3306 (j) and 4233 (b) of the Internal
4 Revenue Code of 1954 (each relating to a special definition
5 of "State") are amended by striking out "Hawaii, and".

6 (e) Section 4221 (d) (4) of the Internal Revenue Code
7 of 1954 (relating to a special definition of "State or local
8 government") is amended to read as follows:

9 " (4) STATE OR LOCAL GOVERNMENT.—The term
10 'State or local government' means any State, any politi-
11 cal subdivision thereof, or the District of Columbia."

12 (f) Section 4502 (5) of the Internal Revenue Code of
13 1954 (relating to definition of "United States") is amended
14 by striking out "the Territory of Hawaii,".

15 (g) Section 4774 of the Internal Revenue Code of 1954
16 (relating to territorial extent of law) is amended by striking
17 out "the Territory of Hawaii,".

18 (h) Section 7653 (d) of the Internal Revenue Code of
19 1954 (relating to shipments from the United States) is
20 amended by striking out ", its possessions or the Territory
21 of Hawaii" and inserting in lieu thereof "or its possessions".

22 (i) Section 7701 (a) (9) of the Internal Revenue
23 Code of 1954 (relating to definition of "United States")
24 is amended by striking out ", the Territory of Hawaii,".

1 (j) Section 7701 (a) (10) of the Internal Revenue Code
2 of 1954 (relating to definition of "State") is amended by
3 striking out "the Territory of Hawaii and".

4 (k) The amendments contained in subsections (a)
5 through (j) of this section shall be effective as of August
6 21, 1959.

7 JUDICIARY

8 SEC. 21. Title 28, United States Code, section 91, and
9 the Act of June 15, 1950 (64 Stat. 217), as amended,
10 are each amended by striking out the words "Kure Island,".

11 VOCATIONAL REHABILITATION

12 SEC. 22. (a) Subsection (g) of section 11 of the Voca-
13 tional Rehabilitation Act, relating to definition of "State",
14 is amended by striking out "Hawaii,".

15 (b) (1) Subsections (h) and (i) of such section, re-
16 lating to definition of allotment percentages and Federal
17 shares for purposes of allotment and matching for vocational
18 rehabilitation services grants, are each amended by striking
19 out "continental United States" and inserting in lieu thereof
20 "United States" and by striking out "(including Alaska)".

21 (2) Paragraph (1) of such subsection (h) is further
22 amended by striking out "the allotment percentage for
23 Hawaii shall be 50 per centum, and" in clause (B).

1 (3) Subsection (h) of such section is further amended
2 by adding at the end thereof the following new paragraphs:

3 “(3) Promulgations of allotment percentages and com-
4 putations of Federal shares made before satisfactory data are
5 available from the Department of Commerce for a full year
6 on the per capita income of Alaska shall prescribe for Alaska
7 an allotment percentage of 75 per centum and a Federal
8 share of 60 per centum and, for purposes of such promulga-
9 tions and computations, Alaska shall not be included as part
10 of the ‘United States’. Promulgations and computations
11 made thereafter but before per capita income data for Alaska
12 for a full three-year period are available from the Depart-
13 ment of Commerce shall be based on satisfactory data avail-
14 able therefrom for Alaska for such one full year or, when
15 such data are available for a two-year period, for such two
16 years.

17 “(4) The term ‘United States’ means (but only for
18 purposes of this subsection and subsection (i)) the fifty
19 States and the District of Columbia.”

20 (4) Subsection (i) of such section is further amended
21 by striking out “the Federal share for Hawaii shall be 60
22 per centum, and” in clause (B).

1

LABOR

2 SEC. 23. (a) Section 3 (b) of the Act of June 6, 1933
3 (48 Stat. 114), as amended, is further amended by striking
4 out the words "Alaska, Hawaii, Puerto Rico," and insert-
5 ing in lieu thereof the words "Puerto Rico".

6 (b) Section 13 (f) of the Fair Labor Standards Act,
7 as amended, is further amended by striking out the words
8 "Alaska; Hawaii;".

9 (c) Section 17 of the Fair Labor Standards Act, as
10 amended, is further amended by striking out the words
11 "the District Court for the Territory of Alaska,".

12 (d) Section 3 (a) of the Welfare and Pension Plans
13 Disclosure Act is amended by striking out the word
14 "Hawaii,".

15

NATIONAL GUARD

16 SEC. 24. Title 32, United States Code, section 101 (1),
17 is amended by striking out the words "Hawaii or".

18

WATER POLLUTION CONTROL ACT

19 SEC. 25. (a) (1) Subsection (h) of section 5 of the
20 Federal Water Pollution Control Act, relating to Federal
21 share for purposes of program operation grants, is amended
22 by striking out "continental United States" and inserting
23 in lieu thereof "United States", by striking out "(including
24 Alaska)", and by striking out, in clause (B) of paragraph
25 (1), "for Hawaii shall be 50 per centum, and".

1 (2) Such subsection is further amended by adding at the
2 end thereof the following new paragraphs:

3 “(3) As used in this subsection, the term ‘United States’
4 means the fifty States and the District of Columbia.

5 “(4) Promulgations made before satisfactory data are
6 available from the Department of Commerce for a full year
7 on the per capita income of Alaska shall prescribe a Federal
8 share for Alaska of 50 per centum and, for purposes of
9 such promulgations, Alaska shall not be included as part of
10 the ‘United States’. Promulgations made thereafter but
11 before per capita income data for Alaska for a full three-year
12 period are available for the Department of Commerce shall
13 be based on satisfactory data available therefrom for Alaska
14 for such one full year or, when such data are available for
15 a two-year period, for such two years.”

16 (b) Subsection (d) of section 11 of such Act, relating
17 to definition of “State”, is amended by striking out
18 “Hawaii.”

19 COAST AND GEODETIC SURVEY

20 SEC. 26. The first sentence of section 1 of the Act of
21 August 3, 1956 (70 Stat. 988), is amended by striking out
22 the words “the several States” and inserting in lieu thereof
23 the words “the States of the continental United States,
24 excluding Alaska”.

1 VETERANS' ADMINISTRATION

2 SEC. 27. (a) Title 38, United States Code, section
3 624 (a) is amended by striking out the words "outside the
4 continental limits of the United States, or a Territory, Com-
5 monwealth, or possession of the United States" and inserting
6 in lieu thereof "outside any State".

7 (b) The first sentence of title 38, United States Code,
8 section 903 (b), is amended to read as follows: "In addition
9 to the foregoing, when such a death occurs in the continental
10 United States or Hawaii, the Administrator shall transport
11 the body to the place of burial in the continental United
12 States or Hawaii."

13 (c) Title 38, United States Code, section 2007 (c), is
14 amended by striking out the word "Hawaii,".

15 (d) Clause (iii) of subparagraph (C) of paragraph
16 (4) of section 601 of title 38, United States Code, is
17 amended by inserting immediately after "United States" the
18 following: "or in Hawaii".

19 DAVIS-BACON ACT

20 SEC. 28. Section 1 of the Act of March 3, 1931 (46
21 Stat. 1494), as amended, is further amended by striking
22 out the words ", the Territory of Alaska, the Territory of
23 Hawaii,".

1 FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

2 SEC. 29. The Federal Property and Administrative
3 Services Act of 1949, as amended, is further amended by—

4 (a) striking out the words “continental United
5 States (including Alaska), Hawaii,” in section 3 (f)
6 and inserting in lieu thereof the words “States of the
7 Union, the District of Columbia,”;

8 (b) striking out the words “continental United
9 States, its Territories, and possessions” in section 211 (j)
10 and inserting in lieu thereof the words “States of the
11 Union, the District of Columbia, Puerto Rico, and the
12 possessions of the United States”;

13 (c) striking out the words “continental limits of
14 the United States” in section 404 (c) and inserting in
15 lieu thereof the words “States of the Union and the Dis-
16 trict of Columbia”; and

17 (d) striking out the words “and the Territory of
18 Hawaii” in section 702 (a).

19 BUY AMERICAN ACT

20 SEC. 30. Section 1 (b) of title III of the Act of March
21 3, 1933 (47 Stat. 1520), as amended, is amended by
22 striking out the word “Hawaii.”

1 PUBLIC HEALTH SERVICE ACT

2 SEC. 31. (a) Subsection (f) of section 2 of the Public
3 Health Service Act, relating to definition of State, is amended
4 by striking out "Hawaii,".

5 (b) The first sentence of section 331 of such Act, relat-
6 ing to receipt and treatment of lepers, is amended by strik-
7 ing out ", Territory, or the District of Columbia". The
8 fifth sentence of such section is amended by striking out
9 "the Territory of Hawaii" and inserting in lieu thereof
10 "Hawaii".

11 (c) Subsection (c) of section 361 of such Act, relating
12 to regulations governing apprehension and detention of per-
13 sons to prevent the spread of a communicable disease, is
14 amended by striking out ", the Territory of Hawaii,".

15 (d) (1) Clause (2) of subsection (a) of section 631
16 of such Act, relating to definition of allotment percentage
17 for purposes of allotments for construction of hospitals and
18 other medical service facilities, is amended by striking out
19 "the allotment percentage for Hawaii shall be 50 per centum,
20 and".

21 (2) Such subsection is further amended by striking out
22 "continental United States (including Alaska)" and insert-
23 ing in lieu thereof "United States".

24 (3) Subsection (b) of such section, relating to pro-
25 mulgation of allotment percentages, is amended by striking

1 out "continental United States" and inserting in lieu thereof
2 "United States". Such subsection is further amended by
3 inserting "(1)" after "(b)" and by adding at the end
4 thereof the following new paragraphs:

5 " (2) The term 'United States' means (but only for
6 purposes of this subsection and subsection (a)) the fifty
7 States and the District of Columbia;

8 " (3) Promulgations made before satisfactory data are
9 available from the Department of Commerce for a full year
10 on the per capita income of Alaska shall prescribe an allot-
11 ment percentage for Alaska of 50 per centum and, for pur-
12 poses of such promulgation, Alaska shall not be included
13 as part of the 'United States'. Promulgations made there-
14 after but before per capita income data for Alaska for a
15 full three-year period are available from the Department of
16 Commerce shall be based on satisfactory data available there-
17 from for Alaska for such one full year or, when such data
18 are available for a two-year period, for such two years;"

19 (4) Subsection (d) of such section, relating to defini-
20 tion of State, is further amended by striking out "Hawaii,".

21 SOCIAL SECURITY ACT

22 SEC. 32. (a) (1) Paragraph (8) of subsection (a) of
23 section 1101 of the Social Security Act, relating to definition
24 of Federal percentage for purposes of matching for public
25 assistance grants, is amended by striking out "continental

1 United States (including Alaska)” and inserting in lieu
2 thereof “United States”.

3 (2) Subparagraph (A) of such paragraph is further
4 amended by striking out “(i)” and by striking out “, and
5 (ii) the Federal percentage shall be 50 per centum for
6 Hawaii”.

7 (3) Such paragraph is further amended by adding after
8 subparagraph (B) the following new subparagraphs:

9 “(C) The term ‘United States’ means (but only for
10 purposes of subparagraphs (A) and (B) of this para-
11 graph) the fifty States and the District of Columbia.

12 “(D) Promulgations made before satisfactory data are
13 available from the Department of Commerce for a full year
14 on the per capita income of Alaska shall prescribe a Federal
15 percentage for Alaska of 50 per centum and, for purposes of
16 such promulgations, Alaska shall not be included as part of
17 the ‘United States’. Promulgations made thereafter but
18 before per capita income data for Alaska for a full three-
19 year period are available from the Department of Com-
20 merce shall be based on satisfactory data available therefrom
21 for Alaska for such one full year or, when such data are
22 available for a two-year period, for such two years.”

23 (b) (1) Subsections (a), (b), and (c) of section 524
24 of such Act, relating to the definition of allotment percent-
25 ages and Federal shares for purposes of allotment and

1 matching for child welfare services grants, are each amended
2 by striking out "continental United States (including
3 Alaska)" and inserting in lieu thereof "United States".

4 (2) Such section is further amended by adding after
5 subsection (c) the following new subsections:

6 "(d) For purposes of this section, the term 'United
7 States' means the fifty States and the District of Columbia.

8 "(e) Promulgations made before satisfactory data are
9 available from the Department of Commerce for a full year
10 on the per capita income of Alaska shall prescribe a Federal
11 share for Alaska of 50 per centum and, for purposes of such
12 promulgations, Alaska shall not be included as part of the
13 'United States'. Promulgations made thereafter but before
14 per capita income data for Alaska for a full three-year period
15 are available from the Department of Commerce shall be
16 based on satisfactory data available therefrom for Alaska
17 for such one full year or, when such data are available for a
18 two-year period, for such two years."

19 (c) (1) The last sentence of subsection (i) of section
20 202 of the Social Security Act is amended by striking out
21 "forty-nine" and inserting in lieu thereof "fifty".

22 (2) Subsections (h) and (i) of section 210 of such Act
23 relating to definitions of State and United States for purposes
24 of old-age, survivors, and disability insurance, are each
25 amended by striking out "Hawaii". Such subsection (h) is

1 further amended by striking out the comma after "District of
2 Columbia".

3 (d) (1) Paragraph (1) of subsection (a) of section
4 1101 of such Act, relating to definition of State, is amended
5 by striking out "Hawaii and".

6 (2) Paragraph (2) of such subsection, as amended,
7 relating to definition of "United States", is amended by
8 striking out ", Hawaii,".

9 (e) Subparagraphs (C) and (G) of paragraph (6) of
10 subsection (d) of section 218 of the Social Security Act, as
11 amended, are each further amended by striking out "the
12 Territory of" and "or Territory" each time they appear
13 therein.

14 (f) Subsection (p) of such section is amended by strik-
15 ing out "Territory of".

16 (g) The last sentence of subsection (a) of section
17 1501 of the Social Security Act is amended by striking
18 out "Alaska, Hawaii,".

19 **SMALL RECLAMATION PROJECTS**

20 **SEC. 33.** The Small Reclamation Projects Act of 1956
21 (70 Stat. 1044), as heretofore and hereafter amended, shall
22 apply to the State of Hawaii.

23 **CONGRESSIONAL RECORD**

24 **SEC. 34.** Section 73 of the Act of January 12, 1895
25 (28 Stat. 617), as amended, is further amended by strik-

1 ing out the words "Hawaii, Puerto Rico," and inserting in
2 lieu thereof the words "Puerto Rico".

3 FEDERAL REGISTER

4 SEC. 35. Section 8 of the Federal Register Act (49
5 Stat. 502), as amended, is further amended by striking out
6 the words "continental United States (including Alaska)"
7 and inserting in lieu thereof the words "States of the Union
8 and the District of Columbia".

9 RAILROADS

10 SEC. 36. (a) The following laws shall not apply to rail-
11 roads operating in the State of Hawaii:

12 (1) The Act of March 2, 1893 (27 Stat. 531), as
13 amended;

14 (2) The Act of March 2, 1903 (32 Stat. 943), as
15 amended;

16 (3) The Act of April 14, 1910 (36 Stat. 298), as
17 amended;

18 (4) The Act of May 30, 1908 (35 Stat. 476), as
19 amended;

20 (5) The Act of February 17, 1911 (36 Stat. 913), as
21 amended;

22 (6) The Act of May 6, 1910 (36 Stat. 350);

23 (7) The Act of March 4, 1907 (34 Stat. 1415), as
24 amended; and

25 (8) The Act of September 3, 5, 1916 (39 Stat. 721),

1 The regulation of railroads in Hawaii by the State of
2 Hawaii with respect to safety and hours of service of em-
3 ployees shall not be considered to be a burden on interstate
4 or foreign commerce.

5 (b) Section 1 (c) of the Railroad Retirement Act of
6 1937 and subsections (s) and (t) of section 1 of the Rail-
7 road Unemployment Insurance Act are each amended by
8 striking out the words “, Alaska, Hawaii,”.

9 HOME PORTS OF VESSELS

10 SEC. 37. Section 1 of the Act of February 16, 1925
11 (43 Stat. 947), as amended, is further amended by striking
12 out the words “Alaska, Hawaii, and”.

13 MERCHANT MARINE ACT, 1936

14 SEC. 38. (a) Subsection (a) of section 505 of the
15 Merchant Marine Act, 1936, as amended, is further amended
16 by adding at the end thereof the following new sentence:
17 “For the purposes of this subsection, the term ‘continental
18 limits of the United States’ includes the States of Alaska
19 and Hawaii.”

20 (b) Section 606 of such Act, as amended, is further
21 amended by adding at the end thereof the following new
22 sentence: “For the purposes of this section, the term
23 ‘continental limits of the United States’ includes the States
24 of Alaska and Hawaii.”

25 (c) Section 702 of such Act, as amended, is further

1 amended by adding at the end thereof the following new
2 sentence: "For the purposes of this section, the term 'con-
3 tinental United States' includes the States of Alaska and
4 Hawaii."

5
6 COMMUNICATIONS ACT

7 SEC. 39. Section 222 (a) (10) of the Communications
8 Act of 1934 is amended by striking out the words "the
9 several States and the District of Columbia" and inserting
10 in lieu thereof the words "the District of Columbia and the
11 States of the Union, except Hawaii".

12 INTERSTATE COMMERCE COMMISSION

13 SEC. 40. (a) Section 1 (2) of the Interstate Commerce
14 Act, as amended, is further amended by adding the word
15 "or" at the end of subsection (a) thereof and by inserting
16 the following as subsection (b) :

17 "(b) To operations of carriers or other persons within
18 the State of Hawaii, which operations are hereby exempt
19 from all requirements of this part; but this exemption from
20 the requirements of this part shall not be construed to render
21 inapplicable to such carriers or other persons any other laws
22 of the United States relating to railroads which, by their
23 terms, are applicable to such carriers or other persons as are
24 subject to this part, unless such laws are expressly inappli-
25 cable to railroads operating in the State of Hawaii; and it
shall not be considered to be a burden on interstate or foreign

1 commerce for the State of Hawaii to regulate such opera-
2 tions or to regulate the carriers or other persons engaged
3 therein; or”.

4 (b) Section 204 (a) (4a) of the Interstate Commerce
5 Act is amended by adding at the end thereof the following
6 new sentence: “Transportation by motor vehicle within the
7 State of Hawaii shall be exempt from the Interstate Com-
8 merce Act, and the regulation of such transportation and
9 persons engaged therein by the State of Hawaii shall not
10 be considered to be a burden on interstate or foreign com-
11 merce.”

12 (c) Section 303 (f) of the Interstate Commerce Act
13 is amended by adding at the end thereof the following new
14 paragraph:

15 “(3) To transportation by water between ports of the
16 State of Hawaii and between such ports and ports in other
17 States.”

18 (d) Section 402 (a) (7) of the Interstate Commerce
19 Act is amended by striking out the period at the end
20 thereof and adding the following: “, or for the performance
21 of which transportation between places in the State of
22 Hawaii, or water transportation between a port in the State
23 of Hawaii and a port in any other State, is utilized. The
24 regulation by the State of Hawaii of transportation by freight
25 forwarders between places in the State of Hawaii shall not

1 be considered to be a burden on interstate or foreign com-
2 merce."

3 AIRCRAFT LOAN GUARANTEES

4 SEC. 41. Section 3 of the Act of September 7, 1957
5 (71 Stat. 629), as amended, is further amended by striking
6 out the words "Territory of Hawaii" and inserting in lieu
7 thereof the words "State of Hawaii".

8 REAL PROPERTY TRANSACTIONS

9 SEC. 42. Section 43 (c) of the Act of August 10, 1956
10 (70A Stat. 636), as amended, is further amended by strik-
11 ing out the words "United States, Hawaii," and inserting
12 in lieu thereof the words "States of the Union, the District
13 of Columbia,".

14 SELECTIVE SERVICE

15 SEC. 43. Section 16 (b) of the Universal Military Train-
16 ing and Service Act, as amended, is further amended by
17 striking out the word "Hawaii,".

18 REPORTS ON FEDERAL LAND USE

19 SEC. 44. The President shall prescribe procedures to
20 assure that the reports to be submitted to him by Federal
21 agencies pursuant to section 5 (e) of the Act of March 18,
22 1959 (73 Stat. 6), providing for the admission of the State
23 of Hawaii into the Union, shall be prepared in accordance
24 with uniform policies and coordinated within the executive
25 branch.

1 HAWAIIAN HOMES COMMISSION LANDS

2 SEC. 45. Section 5 (b) of the Act of March 18, 1959
3 (73 Stat. 5), is amended by inserting, immediately follow-
4 ing the words "public property" the words ", and to all
5 lands defined as 'available lands' by section 203 of the
6 Hawaiian Homes Commission Act, 1920, as amended,".

7 LEASE BY UNITED STATES OF PUBLIC PROPERTY OF HAWAII

8 SEC. 46. Until August 21, 1964, there shall be covered
9 into the treasury of the State of Hawaii the rentals or con-
10 sideration received by the United States with respect to
11 public property taken for the uses and purposes of the United
12 States under section 91 of the Hawaiian Organic Act and
13 thereafter by the United States leased, rented, or granted
14 upon revocable permits to private parties.

15 TRANSFER OF RECORDS

16 SEC. 47. (a) There are hereby transferred to the State
17 of Hawaii all records and other papers that were made or
18 received by any Federal or territorial agency, or any
19 predecessor thereof, in connection with the performance of
20 functions assumed in whole or in substantial part by the
21 State of Hawaii. There are hereby also transferred to the
22 State of Hawaii all records and other papers in the custody
23 of the Public Archives of Hawaii that were made or re-
24 ceived by any Federal agency.

25 (b) There are also hereby transferred to the State of

1 Hawaii all books, publications, and legal reference materials
2 which are owned by the United States and which were, prior
3 to the admission of Hawaii into the Union, placed in the
4 custody of courts, libraries, or Territorial agencies in Hawaii
5 in order to facilitate the performance of functions conferred
6 on such courts or agencies by Federal law.

7 **USE OF G.S.A. SERVICES OR FACILITIES**

8 **SEC. 48.** The Administrator of General Services is au-
9 thorized to make available to the State of Hawaii such
10 services or facilities as are determined by the Administrator
11 to be necessary for an interim period, pending provision of
12 such services or facilities by the State of Hawaii. Such
13 interim period shall not extend beyond August 21, 1964.
14 Payment shall be made to the General Services Administra-
15 tion by the State of Hawaii for the cost of such services or
16 facilities to the Federal Government, as determined by the
17 Administrator.

18 **PURCHASES OF TYPEWRITERS**

19 **SEC. 49.** Title I of the Independent Offices Appropria-
20 tion Act, 1960, is amended by striking out the words "for
21 the purchase within the continental limits of the United
22 States of any typewriting machines" and inserting in lieu
23 thereof "for the purchase within the States of the Union
24 and the District of Columbia of any typewriting machines".

1 FEDERAL MARITIME BOARD

2 SEC. 50. Section 18 (a) of the Act of March 18, 1959
3 (73 Stat. 12), providing for the admission of the State of
4 Hawaii into the Union, is amended by striking out the words
5 "or is conferring" and inserting in lieu thereof the words
6 "or as conferring".

7 TARIFF ACT OF 1930

8 SEC. 51. Section 309 (a) of the Tariff Act of 1930, as
9 amended (19 U.S.C. 1309 (a)), is amended by inserting
10 "or between Hawaii and any other part of the United States"
11 immediately after "possessions" wherever it appears.

12 EFFECTIVE DATES

13 SEC. 52. (a) The amendments made by section 16 (a)
14 (2) (A), by section 22 (b), by section 25 (a), by para-
15 graphs (1), (2), and (3) of section 31 (d), by subsection
16 (b), and paragraphs (1) and (3) of subsection (a), of sec-
17 tion 32, and, except as provided in subsection (g), by para-
18 graphs (1), (2), (3), and (4) of section 22 (b) shall be
19 applicable in the case of promulgations or computations of
20 Federal shares, allotment percentages, allotment ratios, and
21 Federal percentages, as the case may be, made after August
22 21, 1959.

23 (b) The amendments made by paragraph (2) of section
24 32 (a) shall be effective with the beginning of the calendar
25 quarter in which this Act is enacted. The Secretary of

1 Health, Education, and Welfare shall, as soon as possible
2 after enactment of this Act, promulgate a Federal percent-
3 age for Hawaii determined in accordance with the provisions
4 of subparagraph (B) of section 1101 (a) (8) of the Social
5 Security Act, such promulgation to be effective for the period
6 beginning with the beginning of the calendar quarter in
7 which this Act is enacted and ending with the close of June
8 30, 1961.

9 (c) The amendment made by paragraphs (1) and (2)
10 of subsection (b) and paragraphs (1), (2), and (3) of
11 subsection (d) of section 16 shall be applicable in the case
12 of fiscal years beginning after June 30, 1960.

13 (d) The amendments made by paragraphs (1) and
14 (3) of section 16 (a) shall be applicable, in the case of allot-
15 ments under section 302 (b) or 502 of the National Defense
16 Education Act of 1958, for fiscal years beginning after June
17 30, 1960, and, in the case of allotments under section 302
18 (a) of such Act, for fiscal years beginning after allotment
19 ratios, to which the amendment made by paragraph (2) of
20 section 16 (a) is applicable, are promulgated under such sec-
21 tion 302 (a).

22 (e) The amendment made by section 32 (c) (1) shall
23 be applicable in the case of deaths occurring on or after
24 August 21, 1959.

25 (f) The amendments made by subsection (c), para-

1 graphs (3) and (4) of subsection (b), and paragraph (4)
2 of subsection (d) of section 16, by section 22 (a), by sec-
3 tion 25 (b), by subsections (a), (b), and (c), and para-
4 graph (4) of subsection (d), of section 31, and by sub-
5 section (d), and paragraph (2) of subsection (c), of section
6 32 shall become effective on August 21, 1959.

7 (g) (1) The allotment percentage determined for
8 Alaska under section 11 (b) of the Vocational Rehabilita-
9 tion Act, as amended by this Act, for the first, second, third,
10 and fourth years for which such percentage is based on the per
11 capita income data for Alaska shall be increased by 76 per
12 centum, 64 per centum, 52 per centum, and 28 per centum,
13 respectively, of the difference between such allotment per-
14 centage for the year involved and 75 per centum.

15 (2) The Federal share for Alaska determined under
16 section 11 (i) of the Vocational Rehabilitation Act, as
17 amended by this Act, for the first year for which such Federal
18 share is based on per capita income data for Alaska shall
19 be increased by 70 per centum of the difference between such
20 Federal share for such year and 60 per centum.

21 (3) If such first year for which such Federal share is
22 based on per capita income data for Alaska is any fiscal
23 year ending prior to July 1, 1962, the adjusted Federal
24 share for Alaska for such year for purposes of section 2 (b)
25 of the Vocational Rehabilitation Act shall, notwithstanding

1 the provisions of paragraph (3) (A) of such section 2 (b),
2 be the Federal share determined pursuant to paragraph (2)
3 of this subsection.

4 (4) Section 47 (c) of the Alaska Omnibus Act (Public
5 Law 86-70) is repealed.

6 (h) The amendment made by section 51 shall apply only
7 with respect to articles withdrawn as provided in section
8 309 (a) of the Tariff Act of 1930, as amended, on or after
9 the date of the enactment of this Act.

10 ADMINISTRATION OF PALMYRA, MIDWAY, AND WAKE

11 SEC. 53. Until Congress shall provide for the govern-
12 ment of Palmyra Island, Midway Island, and Wake Island,
13 all executive and legislative authority necessary for the civil
14 administration of Palmyra Island, Midway Island, and Wake
15 Island, and all judicial authority other than that contained in
16 the Act of June 15, 1950 (64 Stat. 217), as amended,
17 shall continue to be vested in such person or persons and
18 shall be exercised in such manner and through such agency
19 or agencies as the President of the United States may direct
20 or authorize. In the case of Palmyra Island, such person or
21 persons may confer upon the United States District Court
22 for the District of Hawaii such jurisdiction (in addition to
23 that contained in such Act of June 15, 1950), functions,
24 and duties as he or they may deem appropriate for the civil
25 administration of such island.

1

OTHER SUBJECTS

2

SEC. 54. The amendment by this Act of certain statutes

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by deleting therefrom specific references to Hawaii or such

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phrases as "Territory of Hawaii" shall not be construed to

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affect the applicability or inapplicability in or to Hawaii of

6

other statutes not so amended.

7

SEPARABILITY

8

SEC. 55. If any provision of this Act, or the application

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thereof to any person or circumstances, is held invalid, the

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remainder of this Act, and the application of such provision

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to other persons or circumstances, shall not be affected

12

thereby.

86TH CONGRESS
2D SESSION

H. R. 10443

A BILL

To amend certain laws of the United States in
light of the admission of the State of Hawaii
into the Union, and for other purposes.

By Mr. INOUE

FEBRUARY 16, 1960

Referred to the Committee on Interior and Insular
Affairs

Mr. O'Brien. I might add that four of the bills are identical. The bill by the gentleman from Hawaii is somewhat different. Nevertheless, we will consider that bill together with the others.

I might explain that most of the 54 sections in the bills extend to the new state laws and regulations which were applicable to Hawaii Territory. Several sections refer to both Hawaii and Alaska, since the latter was overlooked in the earlier bill.

Without objection, the executive communication, dated February 12, 1960, to the Speaker, signed by Elmer B. Staats, Deputy Director of the Bureau of the Budget, may be made a part of the record at this point.

(The executive communication referred to is as follows:)

(COMMITTEE INSERT)

Mr. O'Brien. The first witness this morning will be the gentleman from Hawaii, Congressman Inouye.

STATEMENT OF HONORABLE DANIEL K. INOUE, A
REPRESENTATIVE IN CONGRESS FROM THE STATE
OF HAWAII

Mr. Inouye. Mr. Chairman and members of the committee, thank you for this opportunity of appearing before you this morning.

As stated by the chairman, there are five bills involved this morning, four of them identical, and 10443, with three additional proposals.

I have here before me a very lengthy presentation, but instead of reading this, may I just highlight some of the salient points of the three proposals?

Mr. O'Brien. Without objection, the full statement may be made a part of the record at this point.

(The prepared statement of Hon. Daniel K. Inouye is as follows:)

(B)

STATEMENT OF
HONORABLE DANIEL K. INOUE
OF HAWAII

IN RE H.R. 10443
February 23, 1960

Mr. Chairman and Members of the
House Committee on Interior and Insular Affairs:

Eleven months ago, because of the goodwill and understanding of the distinguished Members of the Congress of the United States, Hawaii became a State. Today, this Committee is considering several measures introduced by several distinguished Members of this Committee and one by myself to supplement that action taken eleven months ago. These bills are H.R. 10434 introduced by the Chairman of the Committee, the Honorable Wayne N. Aspinall; H.R. 10463 introduced by the Honorable John P. Saylor, ranking minority Member of the Committee; H.R. 10456 introduced by the Honorable Leo W. O'Brien, Chairman of the Subcommittee on Territories; H.R. 10475 introduced by the ranking minority Member of this Subcommittee, the Honorable Jack Westland; and, H.R. 10443 introduced by myself. These bills are all referred to as the "Hawaii Omnibus Bill". These bills are all identical with the exception of H.R. 10443 which provides for three proposals not included in the other four Hawaii Omnibus Bills. I have been informed that the Honorable Harold Seidman, Assistant Chief, Office of Management and Organization, Bureau of the Budget, and his associates are here this morning to fully explain the many provisions set forth in H.R. 10434, H.R. 10463, H.R. 10456 and H.R. 10475. I would like to state at this point that the people of Hawaii are truly grateful for the great contribution Mr. Seidman has made in the preparation and drafting of these measures. We shall be eternally grateful for his efforts. May I respectfully state that I am in favor of all the provisions set forth in Mr. Seidman's great work. Since Mr. Seidman and his

associates will explain the provisions set forth in the administration bill, I shall limit my presentation this morning by addressing myself to the three added proposals set forth in my bill - H.R. 10443.

The first proposal is found on page 11 of H.R. 10443 designated as Section 16, subsection (e) and entitled "Land-Grant College Aid". This subsection proposes that the sum of \$36,000,000 be appropriated to the State of Hawaii for the purposes set forth in the Act entitled "An Act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts", approved July 2, 1862, and commonly referred to as the Morrill Act.

Several weeks ago, Mr. Vincent A. Doyle, Legislative Analyst in the Legislative Reference Service of the Library of Congress, at the request of the Honorable Oren E. Long, Senator from the State of Hawaii, prepared a very comprehensive report on the Morrill Act and its applicability to the State of Hawaii and to other States in the Union.

Mr. Chairman, with your kind indulgence and the indulgence of the Members of this Committee, I would like to present this report to the Committee.

The first Morrill Act became law on July 2, 1862 (c. 120, 12 Stat. 503). It granted to each State thirty thousand acres of public land for each Senator and Representative in Congress to which the state was entitled under the census of 1860. To States which did not have sufficient public land, scrip was issued for the number of acres to which such States were entitled. Purchasers of the scrip could redeem it for public land in any other State subject to sale for one dollar and twenty-five cents or less per acre. The income or proceeds from the sale of the land or scrip was to be used to endow at least one college where the leading object was to be instruction in

the agricultural and mechanical arts. The tables in Appendix I indicate the number of acres of land, in place, or in scrip, granted to each of the States in the Union at the time the first Morrill Act became law.

The Act was amended on July 23, 1866 (c. 209, 14 Stat. 208) to provide that when any territory should be admitted into the Union as a State it could become entitled to the benefits of the Morrill Act by expressing its acceptance of the Act's conditions within three years of its admission and establishing the college within five years of its acceptance of the conditions.

The first four States admitted to the Union after the Morrill Act became law received support for agricultural and mechanical colleges under the terms of that Act. West Virginia acquired 150,000 acres in scrip. Nevada, Nebraska and Colorado contained provisions for other grants of public land but did not preclude land grants provided by other laws for all newly admitted States. One very significant such law was the Act of September 4, 1841 (c. 16, 5 Stat. 453) which provided in §8 (5 Stat. 453, 455) that each new State would be granted 500,000 acres of land for internal improvement.

In the Act of February 22, 1889 (c. 180, 25 Stat. 676) to enable the admission of the States of North Dakota, South Dakota, Montana, and Washington, Congress adopted a new technique in disposing of the public lands in new States. Without repealing the laws granting public lands to new States for specific purposes this Act spelled out all land grants and provided that "[these States] shall not be entitled to any further or other grants of land for any purpose than expressly provided in this Act" (§17, 25 Stat. 676, 681). In addition to other large grants, the Act gave North Dakota, Montana and Washington 90,000 acres each and South Dakota

120,000 acres "for the use and support of agricultural colleges..., as provided in the acts of Congress making donations of lands for such purposes." These were the amounts the States would have been entitled to under the standard set forth in the first Morrill Act.

The Acts to provide for the admission of Idaho (Act of July 3, 1890, c. 656, 26 Stat. 215) and Wyoming (Act of July 10, 1890, c. 664, 26 Stat. 222) followed a similar pattern and granted 90,000 acres to each State "for the use and support of an agricultural college."

In the Act to enable the admission of Utah (Act of July 16, 1894, c. 138, 28 Stat. 107) the public lands were distributed with more largesse than they had been in some of the earlier acts of admission but there were to be no "further or other grants of land for any purpose than as expressly provided" in the enabling act. Although Utah was to be entitled to only one Representative the act granted 200,000 acres for the use of an agricultural college. In lieu of the 500,000 acres for internal improvement required by the Act of 1841 and other lands granted by law to new States, Utah was granted 1,150,000 acres for specified purposes. The land grant provisions of the Utah Act are set forth in Appendix II.

Oklahoma was entitled to five Representatives at the time of its admission but was granted 250,000 acres for the benefit of the Agricultural and Mechanical College, and one hundred thousand acres for the benefit of the Colored Agricultural and Normal University (Act of June 16, 1906, c. 3335 §12, 34 Stat. 267, 274-5). New Mexico and Arizona each received, in addition to other large grants of land, 150,000 acres for agricultural and mechanical colleges (Act of June 20, 1910, c. 310 §§7 [New Mexico]

and 25 [Arizona], 36 Stat. 557, 562, 573).

The area of the lands granted to all other States seems insignificant when compared with the grants made to Alaska. The Act to provide for the admission of the State of Alaska into the Union (P.L. 85-508, 72 Stat. 39 [1958]) makes land grants aggregating 182,800,000 acres. The peculiar problems of Alaska and the principal land provisions of the Act as set forth in the House Report are reproduced in Appendix III.

The Act of March 18, 1959 (P.L. 86-3, 86th Cong., 1st Sess., 73 Stat. 4) to provide for the admission of Hawaii, grants to the new State with certain exceptions, all public lands and other properties owned by the United States or by the Territory and provides that the grant shall be in lieu of "any and all grants provided for new States by provisions of law other than this Act." The land grants provided for in the first Morrill Act are, therefore, inapplicable to the State of Hawaii. Moreover, none of the lands granted is earmarked solely for the support of agricultural and mechanical colleges. All are to be used for one or more of four purposes: support of the public schools and other public educational institutions; betterment of the conditions of native Hawaiians; development of farm and home ownership on as widespread a basis as possible for the making of public improvements; or the provision of lands for public use.

The prestatehood status of Hawaii was quite different from that of many of the latter day States. Most of the land embraced in the States of Nebraska, North Dakota, South Dakota, Montana, Wyoming, Oklahoma and part of Colorado was acquired in the Louisiana Purchase. Out of the lands acquired in the treaty with Mexico, the Gadsden Purchase, and the boundary agreement with

the State of Texas, came the States of New Mexico, Arizona, Washington, Nevada, and the rest of Colorado. Alaska, of course, was purchased from Russia. On the other hand, Hawaii, at the time of its annexation as a territory of the United States, was a republic. This distinction Hawaii shares with Texas, though the Republic of Texas became a State without going through a territorial trial.

It should be noted that the people of the area which in 1791 was admitted to the Union as the State of Vermont promulgated their own Declaration of Independence on January 15, 1777 and constituted themselves the sovereign state of New Connecticut. There is little to be gained from a comparison of circumstances surrounding the admissions of Vermont and Hawaii.

It is interesting, however, to compare the disposition of land in Texas and Hawaii. Under the joint resolution annexing Texas to the United States, Texas ceded "all public edifices, fortifications, barracks, ports and harbors, navy and navy-yards, docks, magazines, arms, armaments, and all other property and means pertaining to the public defense" but retained "all the vacant and unappropriated lands lying within its limits" (J.Res. No. 8, March 1, 1845, 28th Cong., 2d Sess., 5 Stat. 797, 798). The resolution provided that no debts of the Republic of Texas were to be assumed by or become a charge upon the United States Government. Nor was the United States Government to pay Texas for any of the buildings, fortifications and other property "pertaining to defence" which were ceded to the United States. However, both these situations were soon changed. In the Act of September 9, 1850 (31st Cong. 1st Sess., c. 49, 9 Stat. 446), Congress proposed northern and western boundaries for Texas and agreed to pay Texas ten million dollars for relinquishing its claim to land beyond said boundaries as well as its

claims for compensation or indemnity for the property "pertaining to defence" surrendered under the resolution of annexation. Five million dollars of the ten were to be withheld until certain creditors of Texas filed releases with the Secretary of the Treasury. Texas agreed to this arrangement (9 Stat. 1005). By the Act of February 28, 1855 (33rd Cong. 2d Session., c. 129, 10 Stat. 617) in lieu of five million of the ten million dollars authorized in the 1850 Act, the Secretary of the United States Treasury was authorized to pay seven and a half million dollars to the creditors of Texas described in that Act. Texas also agreed to this arrangement.

— In the Joint Resolution to provide for annexing Hawaii, the Republic ceded to the United States all rights of sovereignty in and over the Hawaiian Islands and transferred to the United States "the absolute fee and ownership of all public, government or Crown lands, public buildings or edifices, ports, harbors, military equipment, and all other public property of every kind and description belonging to the Government of the Hawaiian Islands,"

The resolution also contained the following provision:

The existing laws of the United States relative to public lands shall not apply to such land in the Hawaiian Islands, but the Congress of the United States shall enact special laws for their management and disposition: Provided, That all revenue from or proceeds of the same, except as regards such part thereof as may be used or occupied for the civil, military, or naval purposes of the United States, or may be assigned for the use of the local government, shall be used solely for the benefit of the inhabitants of the Hawaiian Islands for educational and other purposes. (J. Res. No. 55, July 7, 1898, 55th Cong. 2d Sess., 30 Stat. 750)

— The public debt of the Republic of Hawaii up to the amount of four million dollars was assumed by the United States Government.

— Thereafter Congress provided that the property ceded to the United States under this joint resolution should remain in the possession, use and control

of the Territorial Government of Hawaii and be maintained and managed by it and its own expense until Congress made other provisions or until it was taken for uses and purposes of the United States by direction of the President or the Governor of Hawaii. Congress also provided that title to lands used for public purposes by the Territory might be transferred to the Territory by direction of the President (Act of Apr. 30, 1900, c. 339 §91, 31 Stat. 159; and amendments. 48 U.S.C. §511 (1958)).

Although the Act of Admission returns to the State of Hawaii all of the lands ceded to the United States by the Republic of Hawaii in 1898 except those which have been reserved for the use of the United States, the Senate Report on the bill makes the following comment:

When Hawaii was annexed in 1898 the Crown lands of the former monarchy and the Government lands became Federal lands. Through the years some of these lands have been set aside for special purposes and others have been exchanged for different lands. Those remaining in unreserved Federal ownership are, for the most part, mountainous and of little value. (S. Rep. No. 80, 86th Cong. 1st Sess. 1959; No. 4 U.S. Code Cong. and Ad. News 439)

Unless some additional provision is made by Congress, Hawaii will be the only one of the fifty States which has not received a grant of land, in place or in scrip, for the specific purpose of endowing an agricultural and mechanical college.

Subsection (e) of Section 16 as it appears on Page 11 of H.R. 10443 provides that the sum of \$36,000,000 be appropriated to the State of Hawaii to carry out the purposes as set forth in the Morrill Act. The sum of \$36,000,000 was arrived at in the following manner. Since the Morrill Act provides that each State be granted 30,000 acres of public land for each Senator and Representative in Congress and since Hawaii has two Senators and

one Representative, Hawaii would be entitled to a total of a minimum of 90,000 acres under the Morrill Act. And, furthermore, since Hawaii does not have sufficient federal lands for the purposes of land grants under the Morrill Act, I respectfully decided that the acreage should be translated into dollars. The value that I placed in my bill is \$400 an acre. Although we do have land in the State of Hawaii available for purchase at the price of less than \$400 an acre, these lands are usually found on the top of high mountains or on the barren lawa flows. I respectfully contend that the sum of \$400 an acre in Hawaii is a reasonable and minimal figure. By quick multiplication, \$400 times 90,000 becomes \$36,000,000.

I very sincerely believe that the State of Hawaii can make great contributions through the establishment of an agricultural and mechanical arts college. This college, will, no doubt, assist the many agricultural enterprises of our State and, furthermore, just as important, may be able to serve as a training ground for agriculturists and engineers from the many underdeveloped nations bordering the Pacific Basin.

I sincerely believe that with this sum, Hawaii will not only assist herself but, in a greater sense, will assist the noble efforts of our nation.

The second proposal which I would like to address myself appears on page 20 of H.R. 10443 in subsection (d) of section 27 and is entitled "Veterans' Administration". Prior to the admission of the State of Hawaii into the Union, the Veterans' Administration was authorized to enter into contracts with territorial and private facilities to provide hospital care for war veterans. As a result of this authorization, the Veterans' Administration was able to contract for hospital care at the Territorial Hospital, a hospital caring for the insane and mentally deranged; the Kalaupapa Hospital

on the Island of Molokai and the Hale Mohalu Hospital in Honolulu for veterans afflicted with Hansen's disease; the Leahi Hospital for veterans afflicted with tuberculosis and a few other county hospitals located on the several Islands to provide our war veterans general medical and surgical assistance. Since the admission of Hawaii as a State, all war veterans with non-service connected disabilities have been required to receive their medical treatment for Hansen's disease, tuberculosis, mental derangement and other ailments at Tripler Army Hospital, the only federal hospital in the State located in Honolulu, Oahu. The status of Statehood did not affect the many war veterans with service connected disabilities.

The Veterans' Administration must reimburse to the Department of Defense the sum of \$21.00 per day for every veteran receiving treatment at Tripler Army Hospital. It is very interesting to note that under the contract provisions permitted under Section 601 of Title 38, the cost to the Veterans' Administration per patient day was the sum of \$13.80. In other words, the Veterans' Administration saved the sum of \$7.20 per patient day by hospitalizing war veterans in private and territorial hospitals.

Tripler Army Hospital is a fine hospital providing for most of the advanced services now available in some of our better hospitals in the Continental United States. However, Tripler General Hospital has no facilities for the treatment of persons afflicted with Hansen's disease nor does it have facilities for long term institutionalized care for the mentally deranged and nor does it have facilities for long term institutionalized care for tubercular persons. As a result, although our laws state that an indigent war veteran with a non-service connected disability is entitled to hospitalization in a federal hospital, since Tripler Army Hospital is lacking in

facilities as stated above, many of these veterans will have to receive services from State hospitals as wards of the State. This sudden change in medical indigent responsibilities brought about by Statehood has resulted in certain budgetary difficulties for the State of Hawaii.

The chart in Appendix IV will indicate the number of war veterans who have received services in contract hospitals, the number of patient days and the approximate cost to the federal government for use of such contract facilities for our veterans with non-service connected disabilities. Last year, prior to Statehood, approximately 560 veterans with non-service connected disabilities received medical and surgical assistance in contract hospitals located on Islands other than Oahu. With the coming of Statehood, it will now mean that (if this proposal is not looked upon with favor) all veterans with non-service connected disabilities requiring medical and surgical care will have to receive such care from Tripler Hospital. The treatment of these veterans will now cost the federal government \$21.00 per patient day instead of \$13.80 at contract hospitals. It will further result in other additional costs made necessary by the transporting of such veterans from the outlying Islands to Tripler Army Hospital. In addition to the extra added cost to the government for treatment of veterans at Tripler Army Hospital, the disruption of family relations brought about by the necessity of separating these war veterans from their respective Island areas will very likely result in misery and inconvenience heretofore not experienced by the veteran and his family. Because these veterans with non-service connected disabilities are indigents, it should be assumed that their families would be without funds to travel from their respective Islands to Honolulu to visit the veteran patients in Tripler. Undoubtedly,

the morale of these veteran patients from the outlying Islands would be very low. The anxieties experienced by their families on the outlying Islands would undoubtedly cause family difficulties. Therefore, I am respectfully requesting this Honorable Committee to favorably consider this proposal as set forth in subsection (d) of section 27 of H.R. 10443 first, as the most economic use of our tax dollars, and, second, with compassion for veterans and their families who live on the outlying Islands.

Mr. Inouye. The first proposal is found on page 11 of H. R. 10443, entitled "Land-Grant College Aid." This subsection proposes that the sum of \$36 million be appropriated to the State of Hawaii for purposes set forth in the Morrill Act.

Several weeks ago, Mr. Vincent Doyle, a member of the Library of Congress, prepared a very lengthy report at the request of Oren E. Long, Senator from Hawaii, and my report incorporates a great portion of Mr. Doyle's report.

I would like to point out that of all the 50 states in the Union, Hawaii is the only state to date that has not been granted any land in place or in scrip for the specific purpose of establishing a college for agriculture and mechanical arts.

It is true that in the Statehood Act of March, 1959, Section 5(b) does propose that the people of Hawaii, in receiving statehood, have waived all rights to land grants. It is true that there is a land grant proposed in the Statehood Act, saying that land shall be used for specified purposes. There are four purposes in our law -- for educational purposes, for the rehabilitation of the Hawaiians, for public works, and for farming. But you will note that our law does not specifically earmark any land grant or any sum for the support of agricultural and mechanical colleges.

I would like to state that Hawaii, in seeking this \$36 million, may sound rather selfish, but we are doing this hoping that we may be able to contribute something to our nation. We feel that because of our geographic location in the Pacific, if we are able to set up a first class agricultural and technical institute, we may be able to assist the agriculturalists and the engineers of the underdeveloped nations of the Pacific Basin, and in this way assist our nation in her noble efforts.

And naturally, the agricultural college will help the industries of Hawaii, and the industries of Hawaii are primarily agricultural.

Many of you must be wondering how I arrived at the figure of \$36 million. The Morrill Act provides for a land grant of 30,000 acres -- the original Morrill Act -- per member of Congress. Since we have two Senators and a Representative, mathematically 90,000 minimum; and I arrived at the figure of \$400 an acre, because in Hawaii it is very difficult to find land at less than \$400 an acre. Simple multiplication, 400 times 90,000, becomes \$36 million.

I am hoping that this committee will look upon this matter with seriousness. My report covers this proposal in great length. I hope that the members of the committee will read this.

The second proposal is found on page 20 of my bill,

in Section 27, and is entitled "Veterans Administration."

Since becoming a state, we have had a large group of veterans in Hawaii being denied certain medical assistance, and these are the veterans with non-service connected disabilities.

Prior to statehood, the Veterans Administration by law was permitted to enter into contracts with certain private and territorial facilities located throughout the islands. For example, we had a contract with Kalaupapa Hospital on Molokai, a hospital for the men and women suffering from Hansen's disease; and also at Hale Mohalu Hospital on Oahu, also for Hansen's disease. We had a contract with Leahi Hospital, a hospital for men and women with tubercular problems.

Now, under the law, after becoming a state, all veterans will have to receive medical services -- all service-connected veterans will have to receive their medical services -- from the Federal hospital, the only one that we have in Honolulu, Tripler Army Hospital. Tripler Army Hospital is a fine hospital, with many of the facilities that you will find in some of the best hospitals, but unfortunately this hospital has no facilities to care for the Hansen's disease victims. It has no facilities for long-term institutionalized care for the mentally deranged. It has no facilities for long-term institutionalized care for tubercular patients.

As a result, these patients will have to become wards of the State of Hawaii and somehow seek some assistance.

I would like to point out one matter that should be of interest to this committee. For every patient that the Veterans Administration sends to Tripler, the Veterans Administration must reimburse the Department of Defense \$21 a day per patient. During the year 1959, when the Veterans Administration was able to enter into a contract with private and territorial facilities, the Veterans Administration was able to give service to these veterans at the rate of \$13.80 a day, a saving of a little over \$7.20 per patient.

Therefore, I am asking this committee to look upon my second proposal in two lights -- one, as a good way to save tax money; and secondly, I am hoping that the committee members will look upon the problem of veterans with non-service connected disabilities with some compassion. I am certain all of you realize that our state has several islands, Tripler Hospital is on one island, and to have all these veterans congregate on the island of Oahu, depriving them of visitation from their families, would undoubtedly cause great misery, not only for the veteran but for the families.

I realize, Mr. Chairman, that I have exceeded my four-minute allowance. If I may, may I have another minute, sir?

Mr. O'Brien. Surely.

Mr. Inouye. Mr. Chairman and members of the committee, I have here Mr. Monroe Sullivan, Vice President of the Pacific American Steamship Association, and he would like to briefly explain to you my third proposal, concerning itself with tariff and tax on supplies consumed on ships crossing the Pacific.

Mr. Sullivan.

STATEMENT OF J. MONROE SULLIVAN, VICE PRESIDENT,
PACIFIC AMERICAN STEAMSHIP ASSOCIATION.

Mr. Sullivan. Mr. Chairman, I will be very brief.

I have a statement here which I will submit for the record
as if read, if I may.

Mr. O'Brien. Without objection.

(The prepared statement of Mr. J. Monroe Sullivan
is as follows:)

My name is J. Monroe Sullivan, I am Vice President
of Pacific American Steamship Association which represents the
large majority of American flag carriers serving the Pacific Coast

~~BACKGROUND MEMORANDUM~~

~~AMENDMENT TO TARIFF ACT OF 1930 TO CORRECT DISCRIMINATION~~

~~AGAINST U. S. STEAMSHIP AND AIRLINES TO HAWAII AND~~

~~ALASKA~~

Re H.R. 10443

Shortly after Hawaii and Alaska became states, the Bureau of Customs issued rulings that the free withdrawal privileges (i.e. exemption from duties and applicable Federal taxes) on supplies used on ships and aircraft plying between the mainland and the two new states -- which exemption existed under territorial status -- would no longer obtain. On grounds that Congressional intent in granting these exemptions was to exempt otherwise dutiable or taxable items when consumed on the high seas, the U. S.-flag steamship and airline industry sought administrative relief.

Customs Bureau, however, has determined that the word "possessions" as used in Section 309(a) of the Tariff Act cannot be construed to apply to the two new states and therefore Customs is required to deny free withdrawal privileges (i.e. to collect applicable duties and taxes) on supplies for U. S.-flag aircraft and vessels exclusively engaged in U. S. Pacific Coast/Hawaii-Alaska trade.

There has thus inadvertently resulted an outright discrimination against a limited segment of transportation, and these taxes are now uniquely applicable only to U. S.-flag carriers engaged in trade between Pacific Coast states and Hawaii and Alaska. This situation cries out for legislative clarification at an early date.

The areas of discrimination, some of which are commercially competitive, some of which are geographical, are summarized as follows:

1. Foreign flag vessels and aircraft stopping at Hawaii enroute from U.S. Pacific Coast ports to a foreign country do not bear these taxes or duties on supplies consumed on that leg of their trip, because they are engaged in foreign commerce.
2. U. S.-flag vessels and aircraft which stop at Hawaii enroute from U.S. Pacific Coast ports to a foreign country do not pay these duties and excises, because they are also engaged in foreign commerce.

The competitive discrimination is obvious: U. S.-flag carriers stopping at Hawaii or Alaska enroute to foreign destinations, can purchase supplies tax-free. On the other hand air and water carriers whose voyages begin at Pacific Coast ports and terminate at Hawaii or Alaska, pay full taxes on supplies.

3. Certain of these taxes and duties are passed on directly to passengers, most particularly those applicable to alcoholic beverages and concessionaire stores for passengers and slop chest stores for vessel crews. A passenger making a purchase on a trip terminating at Hawaii is required to pay the taxes and duties, and the same passenger who might return to the mainland on another carrier coming from Australia or the Far East, will enjoy tax-free purchases. This is not an inconsequential consideration in passenger good will, or ill will, as is unfortunately the situation at present.
4. Vessels departing from ports on the Atlantic or Gulf Coast to Hawaii or Alaska do not pay the applicable taxes, since this routing falls within the language of 309(a), which grants exemption on vessels trading "between Atlantic and Pacific ports of the United States".

5. Intercoastal vessels engaged in trade between Atlantic and Pacific ports, do not pay these duties and taxes.

6. Vessels and aircraft serving possessions, territories, or the Commonwealth of Puerto Rico do not pay them, whether terminating or proceeding on to a foreign destination.

In addition to these competitive and geographic discriminations, another kind of inequity arises. Tobacco products, cigarette papers and tubes can be withdrawn from bond without payment of tax if they are consumed beyond the jurisdiction of the internal revenue laws of the United States aboard vessels or aircraft operating between the U.S. Pacific Coast and Hawaii or Alaska. This free withdrawal privilege is accorded under §5704, Internal Revenue Code of 1954, and rulings by the Internal Revenue Service that a reference to territory in its regulations shall be construed as a reference to a state.

We thus have the anomaly that since the status of Alaska and Hawaii has been changed from Territory to State, the statute administered by the Internal Revenue Service permits a continuance of the tax exemption accorded to tobacco products consumed on trips to the two new states, but the exemption previously accorded to other vessel supplies under a statute administered by the Bureau of Customs has been terminated.

This entire issue boils down to one basic question: Did Congress in passing Statehood intend to add these particular taxes on transportation furnished by carriers engaged in trade between U.S. Pacific Coast ports and Hawaii and Alaska, or didn't they? The record shows no intent to so burden transportation companies and passengers.

✓ In order to eliminate this discrimination with respect to Hawaii, ~~the undersigned, as spokesman for the burdened steamship interests,~~ urge early passage of H.R. 10443, containing sections 51 and 52 (h), which would ~~return~~ the exemption to the Pacific return

coast - Hawaii trade, effective from the date of enactment of such Act. The same exemption would be returned to the Pacific Coast-Alaska trade by other bills which have been introduced in this session of Congress.

*Thank you for this opportunity to
present our views.*

*✓ New
6/24/44*

In order to eliminate this discrimination, the undersigned, as spokesman for the burdened steamship and airline interests, urge introduction, hearings and early passage of an amendment to the Tariff Act, as attached.

S. G. Tipton, President
Air Transport Association of America

Ralph B. Dewey, President
Pacific American Steamship Association

Mr. Sullivan. It is a statement prepared both by the Pacific American Steamship Association and the Air Transport Association concerning this problem, because it affects both steamships and airlines serving the Pacific. It involves the Tariff Act of 1930, Section 309, which grants tax exemption on dutiable cargoes to ships and aircraft serving possessions.

The Treasury Department has ruled that they cannot interpret the word "possession" to mean state, and therefore when Hawaii and Alaska became states, the tax exemption no longer existed. This provides a geographic discrimination against the West Coast and a commercial competitive discrimination, which I will briefly explain.

Ships leaving the Atlantic or Gulf Coast to Hawaii are tax exempt on their supplies; aircraft also. Ships serving the Pacific Coast to Hawaii in the domestic trade now must pay the tax. Ships serving Hawaii engaged in foreign trade, which American flag or foreign flag, are tax exempt. So you can see that the Pacific Coast is in a competitive problem, because Atlantic and Gulf can compete with them, or carriers engaged in foreign flag can compete with them. The same is applicable to Alaska. There is a bill elsewhere to take care of the Alaskan situation.

In 1930, when the House Ways and Means Committee acted on this legislation, the committee, in House Report 7, 71st

Congress, first session, stated:

"The Committee believes that no good reason exists for withholding the draw-back privilege in the case of articles classed as 'supplies' on such vessels. Accordingly, it is provided in Subsection 2 of Section 309 of the bill that articles of domestic manufacture, or production so labeled upon such vessel, shall be considered to be 'exported' within the meaning of the draw-back provision."

The reason for that action, in 1930, is that the water between the West Coast and Hawaii is on the high seas. No one controls the high seas. This is the basis of our request for a continuation of this exemption, which, through a strict technicality in the law, no longer now exists.

I will be happy to try to answer any questions, if I may.

Mr. O'Brien. Does the Treasury Department have any objection to your proposal other than their insistence on the strict interpretation of the law?

Mr. Sullivan. The only thing that I have been told by the Customs Bureau is that if asked, they would recommend that the Treasury Department say that changing the law to continue the tax exemption would not increase the cost of administration. From that, I assume they would have no objection.

Mr. O'Brien. Any questions?

Mr. Westland. Are you saying that a ship sailing from the Gulf has tax exemption on its own supplies if it goes to Hawaii? Is that correct?

Mr. Sullivan. That is right.

Mr. Westland. But if the same ship sails from San Francisco to Hawaii, it does not have a tax exemption on its supplies?

Mr. Sullivan. That is correct; and the same is applicable to American flag aircraft.

Mr. Westland. This is the way it has been in the past?

Mr. Sullivan. Until August of 1959, when Treasury made this ruling, yes.

Mr. Westland. Until Hawaii became a state, or Treasury made this request?

Mr. Sullivan. Yes.

Mr. Westland. And what is the situation now?

Mr. Sullivan. Now all supplies on vessels and aircraft serving between the Pacific Coast and Hawaii are taxable if the aircraft or vessel is engaged in trade only between the Pacific Coast and Hawaii. That contrasts with vessels and aircraft engaged in the foreign trade, when they will carry in competition with a domestic carrier and proceed on to the Far East. The same with aircraft.

Mr. Westland. After this ruling, the Gulf Coast situation

is still the same?

Mr. Sullivan. And the Atlantic Coast to the Pacific situation remains the same.

Mr. Westland. Is this corrected in the bill of the gentleman from Hawaii?

Mr. Sullivan. Yes.

Mr. Westland. Whereabouts?

Mr. Sullivan. It is Section 51, I believe; just by adding Hawaii and Alaska. You see, you have a competitive situation where an American carrier engaged in foreign trade can carry the passenger to Hawaii without being stuck with the duty. And you have a competitive situation between American flag carriers as well as between American and foreign flag carriers. The same with aircraft. It is just a superficial technicality in the law, and the Treasury says they cannot construe "possession" to mean "state." They could construe possession to mean territory, which they did. But they cannot go so far as to construe it to mean state.

Mr. Westland. I have no further questions. I presume we will get some testimony from the Treasury Department on that.

Mr. Aspinall. I wish to commend my friend, who rendered yeoman service to the committee with legislation in connection with the Mariannas.

Some of these matters probably fall under the jurisdiction

of the committee. I have asked all of the other committees who are involved, and practically all of them are, to give us their position. Now, if we run into a controversial matter on such things as the gentleman from Hawaii has brought to our attention, then, of course, we may have to keep them out of this bill and proceed with special legislation. I know my colleague understands that.

I wish to thank my colleague also for doing as he always does, cooperating with all of his colleagues, in the fact that he presented his statement this morning and then testified orally. That is in accordance with our rules, and he has done a very fine job.

Mr. Inouye. Thank you very much, Mr. Chairman.

Mr. O'Brien. I would like to ask you: On that proposal for the \$36 million, I notice it is spelled out. Do you contemplate within that the establishment of the so-called East-West Center at the University of Hawaii?

Mr. Inouye. No, the sum of \$36 million, according to my proposal here, could be set aside for the establishment of a college for agricultural and mechanical arts. But I see no reason why, with a substantial college, we cannot accommodate the young men and women from all parts of Asia.

Mr. O'Brien. But if there is to be any legislation specifically on the East-West Center, you would not attempt to do it through this bill, but through similar legislation?

Mr. Inouye. That is right.

Mr. O'Brien. Have you covered all the points in your bill?

Mr. Inouye. I have about 40 pages here, Mr. Chairman.

Mr. O'Brien. Thank you very much.

Mr. Inouye. Thank you very much, Mr. Chairman.

Mr. O'Brien. The next witness will be Honorable Hiram L. Fong, a United States Senator from the State of Hawaii.

STATEMENT OF HONORABLE HIRAM L. FONG, A UNITED STATES SENATOR FROM THE STATE OF HAWAII

Senator Fong. Mr. Chairman and members of the committee, I want to thank you for the honor of allowing me to be present here this morning to speak on the Hawaii Omnibus Bills. I am heartily in accordance with all the provisions of the Administration bill, and I would like to at this time commend Mr. Seidman, Mrs. Van Cleve, and Mr. Schnoor, for their very fine work in putting out this very complex and technical measure.

As I said, I am in accordance with all the provisions of the Administration bill; and in regard to the matter that has been presented by my colleague, Mr. Inouye, the three substantive matters that he has presented to this committee, may I say that I would like to associate myself with his remarks. I would like to see that these three substantive matters be placed in the bill. But as far as an administration measure is concerned, I am heartily in accord with all of its provisions.

I would like to ask for a very early consideration of this bill so that it may pass this session.

Thank you very much.

Mr. O'Brien. Thank you very much, Senator. That was a very brief and succinct statement.

I might join with you in expressing my commendation, too, to the people who were responsible for the drafting of this legislation. I know it was a tremendous amount of work. I assume that the people associated with it also prepared the Alaska Omnibus Bill last year.

Senator Fong. Yes.

Mr. O'Brien. And they did it so well that we encountered much less difficulty in the Rules Committee and on the floor than we had had in the past.

Thank you very much, sir.

Senator Fong. Thank you.

Mr. O'Brien. I want to commend the Senator from Hawaii for his fine statement.

Mr. O'Brien. Our next witness will be Honorable Oren E. Long, United States Senator from the State of Hawaii.

You are most welcome, Senator.

STATEMENT OF HONORABLE OREN E. LONG, A UNITED STATES SENATOR FROM THE STATE OF HAWAII

Senator Long. Mr. Chairman and members of the committee, I cannot help but refer to the fact that during past years I have had the privilege of appearing before this committee on a good many occasions, working in behalf of statehood.

Now, this morning, I come to speak in behalf of the bill which would amend the Federal statutes to reflect our achievement of statehood.

I have prepared a statement, which has been presented to members of the staff; and if it may be included in the record I will not read it, Mr. Chairman, excepting a single paragraph of it.

Mr. O'Brien. Without objection, the statement will appear in the record as if read.

(The prepared statement of Senator Oren E. Long is as follows:)

(D)

9:30 AM Feb 23, 1960

**STATEMENT OF SENATOR LONG (HAWAII)
ON THE HAWAII OMNIBUS BILL -- H. R. 10443
Before House Interior and Insular Affairs Committee**

It is a privilege to appear again before this distinguished committee. On a number of occasions during recent years, I met with you when legislation was under consideration to make Hawaii a state in the Union. I appear now to testify concerning the bill which would amend the federal statutes to reflect our achievement of statehood.

The Hawaii Omnibus bill introduced by Representative Inouye and similar although not identical bills offered by Mr. Aspinall, Mr. O'Brien, Mr. Saylor and Mr. Westland are essentially technical measures. They have been carefully drafted to amend scores of federal laws which, over the years, have treated Hawaii as a territory. Sometimes this treatment has been to our advantage; more frequently it has been disadvantageous. Either way, it has made for inequality. This Omnibus Act removes the inequalities, so that Hawaii will stand alongside her sister states in the application of federal law.

It will be helpful to the state of Hawaii to be included for the first time under several national programs. Until now we have not participated in the Soil Bank program, the Small Reclamation Projects Act, or the Interstate and Defense Highway system. Inclusion in the new federal highway system is particularly gratifying, since our

motorists have been paying the federal taxes which are earmarked for supporting the system, without obtaining any of the benefits of the program.

Hawaii will also receive equality of treatment under all the various federal grants-in-aid. In most cases we already enjoy equality. Provisions of this bill will remove those instances of special treatment--as under certain social security and education grants--which remained.

Mr. Inouye's measure, H. R. 10443, would remedy one important discrimination against Hawaii for which no remedy is offered in the bill by the Budget Bureau. Hawaii--alone of all the states--has received no grant in support of its university. All other states have received an endowment, either under the Morrill Act or under special legislation at the time of admission to the Union. H. R. 10443, recognizing that it is no longer possible to make land or land scrip available for this endowment, instead authorizes a monetary grant. Unless this grant is made, the University of Hawaii will continue to be the only "land-grant" college in the nation without a grant of land or its equivalent.

I thank you for the opportunity of appearing before this committee, and for the sympathetic consideration which I am confident you will give to this bill, so vital to the functioning of Hawaii as the Union's newest state.

Senator Long. I wish to endorse most heartily the materials that have been commented upon by Congressman Inouye, and to underscore one phase of that bill. And that is a paragraph that I wish to read:

"Mr. Inouye's measure, H.R. 10443, would remedy one important discrimination against Hawaii for which no remedy is offered in the bill prepared by the Budget Bureau. Hawaii -- alone of all the states -- has received no grant in support of its university. All other states have received an endowment, either under the Morrill Act or under special legislation at the time of admission to the Union. H.R. 10443, recognizing that it is no longer possible to make land or land scrip available for this endowment, instead authorizes a monetary grant. Unless this grant is made, the University of Hawaii will continue to be the only 'land-grant' college in the nation without a grant of land or its equivalent."

I feel very strongly, Mr. Chairman and gentlemen of the committee, that in some way that lack of a land grant should be made up to our young but rapidly developing and very important University of Hawaii.

Thank you for the privilege of appearing before you.

Mr. O'Brien. It was a pleasure to have you here,

Senator.

I would like to ask one question. In these land grants to other states, were there ever any instances where the land grant had a value of \$400 an acre?

Senator Long. The answer, of course, Mr. Chairman, is "no"; because land values in any one of the other 30 territories that became a state at that time had no such value. And of course, the shortage of land in the new State of Hawaii is the reason for the high values, as well as the productivity of that land, the high price that it sells for today. \$400 for a present valuation is not out of line at all. I would say it is rather modest.

Mr. Aspinall. Mr. Chairman, I wish to welcome a personal friend of many years, the former Governor and now junior Senator from the State of Hawaii. His record of service to the people of Hawaii and the United States is well known.

We are glad to have you before the committee, along with the other members of your delegation, and to assure you that this piece of legislation does have priority in this committee.

Senator Long. Thank you.

Mr. Westland. It has just occurred to me, Senator, if you could just put a dollar a head on all the visitors who come over to Hawaii, you would more than take care of the university.

Senator Long. We like them, but we will take that suggestion under consideration.

Mr. O'Brien. We have in the room Mr. Wilbur K. Watkins, Deputy Attorney General of the State of Hawaii. And I wondered if Mr. Watkins had any comments to make before Mr. Seidman begins his statement, because I think that Mr. Seidman might be before us for some little time, he being the main architect.

Mr. Watkins, it is nice to see you again. The last time I saw you was in Hawaii, when we discussed this very thing.

STATEMENT OF WILBUR K. WATKINS, JR., A

DEPUTY ATTORNEY GENERAL OF THE STATE OF HAWAII

Mr. Watkins. I am sorry we were not together more there.

Mr. O'Brien. Blame my chairman!

Mr. Watkins. Mr. Chairman and members of the committee, it is my pleasure to appear before this committee to present the views of the Executive Branch of the State Government of Hawaii in support of H.R. 10443.

We have been in consultation and communication with Mr. Harold Seidman of the Bureau of the Budget since last July, and we concur in Senator Fong's expression of appreciation for the product of the industry of Mr. Seidman and Mr. Schnoor and Mrs. Van Cleve.

We are in agreement with and support the Administration's bill and urge favorable consideration early in this session. Our only regret is the bill's silence on a few matters we offered for inclusion.

Mr. Inouye's inclusion in his bill of a section regarding a grant for the University of Hawaii concerns one such matter. It is our understanding that the University is the only state land grant college which has not received, as yet, Federal land grant funds or the equivalent. We urge favorable consideration of such a grant to Hawaii's university.

Unless there are any questions, Mr. Chairman, this concludes my statement on behalf of the people of Hawaii at this time. I plan to remain for the rest of the hearing today, and should there be any questions, I will be available to be recalled at that time.

Mr. O'Brien. That would be most helpful. If it fits in with your plans, it certainly would be of assistance to the committee, because questions may come up from time to time.

Mr. Aspinall?

Mr. Aspinall. Mr. Watkins, as I understand it, if Congress should see fit to allow some monies for the agricultural college, an A and M, as we call it in most of the states, it is the intention of the people of Hawaii, presently,

at least, to have these facilities constructed at the University; is that not right?

Mr. Watkins. I believe so; although it is certainly true that the University will eventually need a branch, junior colleges, you might say, located on other islands.

Mr. Aspinall. Then you get into a state procedure and not into anything that has to do with Federal responsibility.

Mr. Watkins. Yes.

Mr. Aspinall. Most of these land grant colleges are, of course, separate and apart from the universities as such in the other states. And many universities, state universities, exist, as I understand it, which are not land grant, or have no land grant benefits whatsoever, and those benefits have gone to the A and M schools.

Mr. Watkins. The University of Hawaii is, of course, sir, as you realize, the agriculture college, so to speak, as far as the State of Hawaii is concerned.

Mr. Aspinall. It is a university, and not a college?

Mr. Watkins. That is correct, sir.

Mr. O'Brien. Any further questions?

Thank you Mr. Watkins. And if you will stand by, perhaps we will require your assistance a little later in the morning.

Mr. Watkins. Thank you, sir.

Mr. O'Brien. The next witness is Mr. Harold Seidman, Assistant Chief of the Office of Management and Organization, Bureau of the Budget.

Mr. Seidman, before you start, I should like to repeat my compliments to you and your colleagues. My recollection of the Alaska Omnibus Bill, which this committee handled last year, was that it was very close to being a masterpiece of legislation and compromise.

While perhaps this committee may see fit to make some changes in the bill that you have proposed for Hawaii this year, from what I have seen from a swift reading of it, I think that you have duplicated your triumph of a year ago. I want to offer my personal warm congratulations.

STATEMENT OF HAROLD SEIDMAN, ASSISTANT CHIEF, OFFICE OF MANAGEMENT AND ORGANIZATION, BUREAU OF THE BUDGET (ACCOMPANIED BY HOWARD SCHNOOR, MANAGEMENT ANALYST, BUREAU OF THE BUDGET, AND MRS. RUTH VAN CLEVE, ACTING ASSISTANT SOLICITOR, DEPARTMENT OF THE INTERIOR)

Mr. Seidman. Thank you very much, Mr. Chairman.

I appreciate it.

I am again accompanied, Mr. Chairman, by Howard Schnoor, my associate in the Bureau of the Budget, and Mrs. Ruth VanCleve, the Assistant Solicitor of the Department of Interior, whom we again have borrowed in helping us to draft the Hawaii Omnibus Bill.

I would like to acknowledge on the record our great

debt to Mrs. VanCleve for her contribution to this work, which has been invaluable.

Mr. Chairman, I have a prepared statement which, with your permission, I would like to read.

Mr. Chairman and members of the committee: I am pleased to appear before your committee in support of H.R. 10434, a bill "To amend certain laws of the United States in light of the admission of the State of Hawaii into the Union, and for other purposes," and identical bills H.R. 10456, H.R. 10463, and H.R. 10475. H.R. 10443 is identical to H.R. 10434, except for Section 16(e), Section 27(d), Section 51, and Section 52(h).

The basic purpose of H.R. 10434 is to accomplish those changes in Federal laws which have become necessary and desirable because of Hawaii's admission into the Union "on an equal footing with the other States in all respects whatsoever." The President noted in his 1961 budget message to the Congress that, "as in the case of Alaska, comprehensive legislation will be necessary to enable Hawaii to take its place as the equal of the other 49 States. Recommendations will be transmitted to the Congress concerning those changes needed in Federal laws in order to bring Hawaii under the same general laws, rules and policies as are applicable to the other States."

H.R. 10434 is in most respects similar to the Alaska

Omnibus Bill which was enacted by the Congress as Public Law 86-70, except for the fact that there has been no need to provide, as was done in the case of Alaska, for transitional grants, major property transfers and other special measures to enable the new State to assume responsibility for functions hitherto performed by the Federal Government. Hawaii presents few of the unique and difficult problems which were encountered when Alaska was admitted into the Union. In Hawaii the Territorial Government already was responsible for construction and maintenance of highways, operation of commercial airports, law enforcement and other local government functions which in Alaska were performed by the Federal Government.

The proposed legislation would (1) make Hawaii eligible to participate in a number of Federal programs on a comparable basis with the other States; (2) authorize measures to facilitate an orderly transition; (3) determine the applicability or inapplicability of certain Federal laws to Hawaii; (4) delete inappropriate references to the "Territory of Hawaii" in Federal statutes and make other technical and perfecting amendments; and (5) provide for the civil government of Palmyra, Midway and Wake Islands.

Hawaii already participates in the majority of Federal grant-in-aid programs on the same basis as other States. There are a number of Federal grant-in-aid programs, however,

under which Hawaii is still accorded, as it was when a territory, treatment different from that of other States. In accordance with the principle that Hawaii, as a full and equal member of the Union, should not receive more or less favorable treatment than other States, the proposed legislation would amend pertinent laws providing Federal assistance for national defense education, vocational education, school construction and operation in Federally-affected areas, vocational rehabilitation, water pollution control, hospital and medical facilities construction, old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled, and child welfare services to bring Hawaii under the apportionment and matching formulas applicable to the 49 States as soon as possible.

Section 19 of the bill would amend the existing law, which limits the National System of Interstate and Defense Highways to the continental United States, to permit the designation of interstate routes or mileage in Hawaii as recommended by the Secretary of Commerce in a "Report on Extension of National System of Interstate and Defense Highways within Alaska and Hawaii," prepared pursuant to Section 105 of the Federal-Aid Highway Act of 1950. Funds authorized for the Interstate System are apportioned to the States on the basis of estimated cost of completing the

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Social Security

system and the Congress has approved the latest estimate of the cost as the basis of apportioning such funds for the fiscal years 1960, 1961, and 1962. Funds authorized for the fiscal years 1960 and 1961 have already been apportioned to the States and the funds authorized for the fiscal year 1962 will be apportioned sometime this calendar year. Hawaii is not included in the approved estimate of cost and therefore no interstate funds could be apportioned to Hawaii for fiscal year 1962. To meet this problem, the bill provides for the apportionment of \$12,375,000 to Hawaii for fiscal year 1962 for the Interstate System. This amount is derived by applying the formula proscribed in the law for the apportionment of interstate funds for fiscal years 1957, 1958, and 1959 to the amount it is estimated will be apportioned for the Interstate System for fiscal year 1962, after deducting one per cent for estimated administrative expenses. If Section 19 of the bill is enacted, Hawaii can be included in future estimates of costs of completing the Interstate System and apportionment of funds authorized for fiscal years subsequent to 1962 would be made to Hawaii on the same basis as the other States.

Under the provisions of H.R. 10434 both Hawaii and Alaska would be accorded the same status as other States for purposes of the Conservation Reserve Program. At present

the program applies to these States only if the Secretary of Agriculture determines that the national interest requires it. The Soil Conservation and Domestic Allotment Act would be amended to provide for the election of members of county committees in Hawaii as in the other States. Members of such committees in Hawaii are at present appointed by the Secretary of Agriculture.

Section 33 of the bill would extend to Hawaii the provisions of the Small Reclamation Projects Act of 1956 which now are applicable to the 17 western States. The Act authorized the Bureau of Reclamation to make loans and grants for the construction, rehabilitation and betterment of small reclamation projects. In general, a small project, for the purposes of the Act, is a project the cost of which does not exceed \$5 million. Under certain circumstances, however, projects costing between \$5 million and \$10 million may also qualify.

Of the four million acres of total land in the State of Hawaii, approximately 7.7 per cent is in cultivated crops, of which about one-half is irrigated. Almost 60 per cent of the sugar cane lands are irrigated, and in recent years irrigation has been introduced in pineapple culture. Although mountainous terrain and unweatered lava flows make much of Hawaii's lands unsuitable for cultivation, many additional acres could be put to productive use if irrigated.

It is believed that a considerable portion of Hawaii's irrigation potential could be developed through projects within the scope of the small projects program.

Mr. Chairman, I have a statement here which was prepared for us by Mr. Herschel, the Manager and Chief Engineer of the Hawaii Water Authority, dealing with irrigation in the State of Hawaii. If you believe it would be helpful, I will insert it in the record at this point.

Mr. Aspinall. I would suggest, Mr. Chairman, that you make that a part of the file rather than a part of the record at this point.

Mr. O'Brien. Without objection, it is so ordered.

Mr. Seidman. Sections 44, 46, 47, and 48 of the bill are concerned primarily with transitional problems. Section 5(e) of the Hawaii Statehood Act requires each Federal agency to report within five years following Hawaii's admission into the Union on its need for certain lands or properties in Hawaii over which it has control. Section 44 would require the President to prescribe procedures to assure that the reports on Federal land needs in Hawaii are prepared in accordance with uniform policies and properly coordinated. Under Section 46 the State would retain for a five year transitional period the same rights as formerly possessed by the Territory of Hawaii with respect to income derived by the Federal Government from the lease or rental

of public properties of the Republic of Hawaii which were ceded to the United States at the time of annexation. Such revenues were covered into the Treasury of the Territory. Section 47 would provide for the transfer of various records and other papers to the State, including all records and papers in the custody of the Public Archives of Hawaii. Section 48 would authorize the General Services Administration to assist the State in achieving an orderly transition by providing for an interim period, on a reimbursable basis, space in Federal buildings and other services which were formerly furnished to the Territory of Hawaii.

The proposed legislation would extend the applicability of certain Federal laws to Hawaii. These include a portion of the Investment Company Act of 1940, not hitherto applicable to certain Hawaiian companies; the Federal Youth Corrections Act; certain provisions relating to parole; the Act of February 15, 1927, relating to the importation of milk and cream; a statute relating to the transportation of bodies of veterans who have died in Veterans' Administration facilities; section 29 of the Federal Register Act relating to notice of hearings; and sections of the Merchant Marine Act of 1936 concerned with shipyards authorized to construct and repair vessels receiving Federal subsidies.

Sections 36 and 40 of the bill would exclude Hawaii from the jurisdiction of the Interstate Commerce Commission.

These sections were included in the draft bill to carry out recommendations made some time ago by the Interstate Commerce Commission. The Commission is now reexamining its previous position in the light of changing conditions in Hawaii and requests that these sections be deleted.

We concur in the recommendation for the deletion of these sections.

Mr. Westland. That they be deleted?

Mr. Seidman. Yes, we concur in this. They were only included at the request of the Interstate Commerce Commission; and now that they have requested that it be deleted, we would concur in that.

Section 39 of the bill would amend the definition of the term "continental United States" in section 222 of the Federal Communications Act of 1934 so as to preserve Hawaii's exclusion from that definition. Section 222, which deals with consolidations and mergers of telegraph carriers, excluded Hawaii from "domestic telegraph operations" for purposes of the section. The amendment would preserve present arrangements under which telegraph messages between the mainland and Hawaii are classified as "international telegraph operations" pending the outcome of proceedings which have been instituted by the Federal Communications Commission to determine whether Hawaii should remain in the international, rather than the domestic, category.

The bill would confirm Hawaii's partial exemption from the Federal tax on transportation. The bill would reinstate the authority of officers of the Coast and Geodetic Survey to serve as notaries public for personnel of the Survey serving in Hawaii. Under the provisions of the Alaska Omnibus Act the State of Hawaii was automatically placed in the same position as the other States with respect to the Defense Base Act and the War Hazards Compensation Act so that the Department of Labor has concluded that further amendments of those Acts in the light of Hawaii statehood are unnecessary.

Section 5(b) of the Hawaii Statehood Act would be amended by Section 45 of the bill to correct a possible defect in the conveyance of lands to Hawaii. Section 5(b) conveys to the new State, with certain exceptions, all public lands ceded and transferred by the Republic of Hawaii to the United States at the time of annexation. It is not entirely certain, however, whether the definition of lands conveyed by section 5(b) includes all the lands defined as "available lands" for Hawaiian Homes Commission purposes. The proposed amendment would establish with certainty that all "available lands" have been transferred to Hawaii.

Sections 2 -- and I think at this point I will say we considered Section 3 as only a technical and perfecting

amendment. Mr. Wittmer of the counsel to the Committee has discovered a constitutional problem regarding the Sugar Act provisions, and has drafted an amendment which we will refer to the Department of Agriculture to take care of the situation. So I think in listing the amendments which are wholly technical and perfecting, we should delete 3.

Sections 2, 5, 6, 7, 9, 11, 12, 13, 14, 18, 21, 23, 24, 28, 29, 30, 37, 41, 42, 43, 49 and 50 of the bill are essentially technical and perfecting in nature and either eliminate inappropriate references to Hawaii or make other language changes which are considered appropriate because of Hawaii's changed status.

The Hawaii Statehood Act provides that the State boundaries shall include all of the islands and territorial waters of the Territory of Hawaii, except the island of Palmyra. The Statehood Act makes no provision for the civil government of Palmyra, other than including Palmyra within the Hawaii judicial district and extending the criminal and civil jurisdiction of the U. S. District Court for the District of Hawaii to the Island. H.R. 10434, in section 52, would confer upon such persons and agencies as the President may designate all executive and legislative authority for discharging the responsibilities of civil government on Palmyra Island and on Midway and Wake Islands, whose status is comparable to that of Palmyra.

The first sentence of this section, which provides that necessary executive and legislative authority shall continue to be vested in such person or persons and shall be exercised in such manner and through such agency or agencies as the President may direct or authorize, is similar to that in statutes enacted by the Congress for American Samoa and the Trust Territory of the Pacific Islands. The person designated by the President to administer Palmyra would be authorized to place additional jurisdiction and functions in the District Court of Hawaii, including a land registration system for the island.

Except for three provisions, H.R. 10443, introduced by Mr. Inouye, is identical to H.R. 10434. Section 16(e) of H.R. 10443, would authorize an appropriation of \$36 million to the State of Hawaii in lieu of a land grant for the University of Hawaii. Such a special grant to the University of Hawaii would in our view conflict with both the letter and spirit of the Hawaii Statehood Act. The Statehood Act grants to Hawaii, with certain exceptions noted in the Act, all the public lands and other public property within the boundary of the State of Hawaii, title to which was held by the United States immediately prior to its admission into the Union. Proceeds from the sale or other disposition of the land granted to the State are to be held as a public trust for the support of the public

schools and other public educational institutions, which would be assumed to include the University of Hawaii, and for other specified purposes.

The Statehood Act further provides, in Section 5(b), that the grant hereby made shall be in lieu of any and all grants provided for new States by provisions of law other than this Act, and such grants shall not extend to the State of Hawaii.

As one of the conditions of statehood, the State of Hawaii and the people of Hawaii consented fully to the provisions of the Statehood Act prescribing terms or conditions of the grants of land or other property.

Section 27(d) of H.R. 10443 would reinstate the authority formerly possessed by the Veterans Administration to contract with private hospitals in the Territory of Hawaii for the care of veterans with non-service connected disabilities. These veterans, except for mental patients, can be and are being accommodated in existing Federal hospitals in Hawaii on a space-available basis.

The Committee will recall that a similar amendment was offered through the Alaska Omnibus Bill and withdrawn at the request of Mr. Teague, Chairman of the Veterans Affairs Committee.

You will recall, Mr. Chairman, you had Mr. Haley talk to Mr. Teague about this problem.

Mr. O'Brien. Yes.

Mr. Seidman. We find no justification for according privileges to veterans in Hawaii which are not enjoyed by veterans in Alaska or in the other states. The inclusion of this provision would result in a fundamental change in existing laws relating to the care of veterans with non-service connected disabilities, and any such proposal should be dealt with in separate legislation.

Section 51 and 52(h) of H.R. 10443 would restore the authority formerly possessed by United States vessels and aircraft engaged in trade between the mainland of the United States and Hawaii to withdraw from bonded warehouses stores and supplies for consumption during the voyage without payment of customs duties or Internal Revenue taxes.

S. 3021 and H.R. 9685 and H.R. 9120, which have the same purpose as these provisions of H.R. 10443, are now pending before the Senate Finance Committee and the House Ways and Means Committee. Within the last week we have received a request for reports on these bills by the Senate Finance Committee.

The Bureau of the Budget believes that the restoration of special privileges for persons trading between Hawaii and other states is contrary to the basic provision of the Hawaii Statehood Act that Hawaii be admitted into the Union on an equal footing with the other states in all respects

whatsoever. If the privilege is restored to vessels and aircraft engaged in trade with Hawaii, it should be restored for Alaska as well.

To comment on some of the statements that were made earlier in this hearing, the exemption was provided previously, because for a number of purposes trade between the mainland and territories was regarded as foreign commerce. The situation which was described earlier would also exist, for example, for a vessel going from New York to New Orleans. It could not enjoy the tax exemption privilege. But if it went from New York to New Orleans and proceeded farther down to South America, it would have the tax exemption privilege. It would have an identical situation to that which was described for a vessel going from the mainland to Hawaii and to the Far East.

Mr. Westland. Then this vessel going from the Gulf Coast to Hawaii would still be subject to taxes?

Mr. Seidman. A vessel going from the Gulf Coast would not be, because there is an exemption for vessels proceeding from the Atlantic Coast to the Pacific Coast. The vessel going from New York to San Francisco has it, has the tax exemption. But this is because it is impossible to go from the Atlantic to the Pacific Coast without either going through the Panama Canal, which is not within the customs area, or without touching at some foreign port.

So any vessel which proceeds from the Atlantic to the Pacific Coast is in effect engaged in foreign commerce. And that is why the exemption is provided. This is a general exemption for vessels engaged in foreign commerce.

The fact of going over the high seas is not a distinctive characteristic here, because a vessel which goes from New York to New Orleans also goes over the high seas.

The Bureau of the Budget is strongly opposed to the foregoing provisions of H.R. 10443.

The President on April 8, 1959, directed that the Bureau of the Budget, with the cooperation of the interested departments and agencies, undertake a careful study of the effects of Hawaii statehood and develop a systematic and coordinated program for effecting the transition. The proposals reflected in H.R. 10434 represent the results of intensive study and analysis by the executive branch agencies concerned and discussions with the representatives of the State of Hawaii and officials, organizations and individuals in Hawaii.

And I would also, too, like to acknowledge the excellent cooperation which we have received from everyone in the State Government in Hawaii and from the Hawaii Congressional delegation.

The Bureau of the Budget urges early and favorable consideration of H.R. 10434, since its enactment is re-

quired to provide for the orderly transition of Hawaii from territorial status to statehood. Such enactment would be in accord with the program of the President.

Mr. O'Brien. Does that complete your statement?

Mr. Seidman. That completes my statement, Mr. Chairman.

Mr. O'Brien. I congratulate you on a very fine statement. You covered the bill very well, and it is obvious, I assume, to all of us, that everyone seems to be in agreement except on the three points that you mentioned toward the end of your testimony.

It is true that last year we did confer with the Chairman of the Committee on Veterans Affairs, and I am inclined to agree with you that the position we took with regard to Alaska should be the position we take with regard to Hawaii.

Mr. Aspinall. Mr. Chairman, may I ask unanimous consent that the Chairman of the Committee on Veterans Affairs be contacted immediately on this proposed amendment to Mr. Inouye's bill?

Mr. O'Brien. Without objection, it is so ordered.

On the \$36 million -- well, that is an area of rather substantial disagreement.

I do not think we would get very far belaboring that point right now.

In my mind, at least, though, there is considerable

merit in the proposal in Congressman Inouye's bill, Section 51, with regard to the tax exemption between Hawaii and any other part of the United States. It is true that technically the ship from New York to San Francisco does touch a foreign port. It is rather difficult not to. But it is a technicality. And we do have here a geographical fact of life, it seems to me. If we continue this tax on ships between Hawaii and the United States, I can see where they are going to be in a very difficult competitive position. So I think that the committee might want to take a very long, careful look at that; and perhaps, as you suggest, if anything is done, do it in separate legislation; because I do not think that any of us are in the mood to stub our toes over a disagreement of this sort if it is going to hold up speedy enactment of this legislation.

Mr. Seidman. Mr. O'Brien, we have a jurisdictional problem right at the present moment, because there is separate legislation on this subject which is being actively considered by the Senate Finance Committee and the House Ways and Means Committee. So since it is now under active consideration before other committees, I think it would be inappropriate to include it in the omnibus bill.

Mr. O'Brien. I am inclined to agree with you. But just as we ask for the views of these other committees in dealing with an omnibus bill, I would hope that they might

give some little weight to our views on this particular matter, because for so many years we did deal with the problems of Hawaii, the territory. I think that that might possibly -- and I am now speaking only for myself -- be the solution, that the battle be fought in another arena.

That covers about all I have to say, except to repeat that I think you have done an excellent job of summarizing your position in this matter, and again congratulating you on the work that you have done.

Mr. Aspinall?

Mr. Aspinall. Mr. Chairman, I join with you in congratulating Mr. Seidman and his staff. The work that they have done on this and previous legislation, that for Alaska, has been outstanding.

This bill is being forwarded to us as an executive communication, and you representing the Bureau of the Budget, which has done so much work on the bill, carries with it, as I understand, the Bureau of the Budget's statement to us that if the bill becomes law, the Bureau of the Budget will ask for the necessary funds for fiscal 1961-62 and any other funds that are carried in the bill. Is that correct?

Mr. Seidman. If they are in the bill which we submitted, it will not be a question of asking for funds, because the highway funds will come out of the present

funds; by reallocating the amounts apportioned to the states out of that fund.

Mr. Aspinall. As I understand the position of the Bureau of the Budget, they will recommend that this follow through; in other words, it will not just stop with this. The Bureau of the Budget, when it does make its position known on highway funds, will be in favor of what they recommend here. Is that correct?

Mr. Seidman. That is correct. The amount is specifically provided here, Mr. Chairman, and this will become available, and this will be apportioned to Hawaii on enactment of this bill.

Mr. Aspinall. That brings up the next question, which is the one, of course, that is always put to us. How much will this bill cost the Federal Treasury?

Mr. Seidman. I would say that direct expenditures from the Federal Treasury will be nominal. There will be some minor items where we will have to increase the Smith-Hughes Act and others by small amounts to accommodate the program for Hawaii, but the other amounts do come out of trust funds or existing available funds. In terms of appropriated money, this bill does not represent any requirement which is significant in terms of new appropriations. We have not had to make any provision in this present bill.

Mr. Aspinall. Would you hazard a guess as to what

those amounts are, those insignificant amounts? If you do not have it now, will you furnish it to us? All I am asking for is that we get the material for the floor.

Mr. Seidman. Rather than doing it from memory, I will forward it to the committee.

Mr. Aspinall. I ask unanimous consent that that be done, and that that be placed in the record at this point.

Mr. O'Brien. Without objection, it is so ordered.

(The information referred to is as follows:)

(COMMITTEE INSERT)

Mr. Aspinall. Now, Mr. Seidman, will you explain the thinking of the Bureau of the Budget in its recommendation that Hawaii have the benefits under the Small Reclamation Projects Act, when the State of Hawaii will contribute no monies whatsoever to the reclamation fund?

Mr. Seidman. Mr. Chairman, I think I can do this. I will speak not only for the Bureau of the Budget; this is an Administration recommendation which was included in the bill with the approval of both the Department of the Interior and the Department of Agriculture.

The Small Reclamation Program does not finance from the reclamation fund. It is separately funded. So there is no problem here of using money from the reclamation fund. Any approved projects here will have to be financed within amounts which have been appropriated to this program.

Mr. Aspinall. Are you advising the committee, then, that none of the monies which go for the Small Reclamation Projects Program come from or will ever come from the reclamation fund?

Mr. Seidman. I do not think, Mr. Chairman, I would hazard a guess into the future as to where it would come from, but I can state that at the present time the funds do not come from the reclamation fund; that it is a separately funded program.

Mr. Aspinall. Upon repayment of those monies, they

are returned to the reclamation fund, are they not?

Mr. Seidman. We have a representative of the Bureau of Reclamation here.

Mr. Burnett, could you answer this question?

Mr. O'Brien. Mr. Burnett, would you identify yourself for the record?

Mr. Burnett: I am D. R. Burnett, Chief of the Project Development Division of the Bureau of Reclamation.

I am sorry, Congressman. I am not sure whether those funds are under the reclamation fund or not.

Mr. Aspinall. And you are not sure what appropriations will be made from the reclamation fund in the future to take care of this activity?

Mr. Burnett. No, like Mr. Seidman, I cannot predict the future. At the present time they come from the general fund and not the reclamation fund.

Mr. Seidman. I am sure, Mr. Chairman, that the fund is presently financed other than out of amounts from the reclamation fund.

I think our general philosophy of extension is that, one, of course, there is need for this type of program in Hawaii.

Mr. Aspinall. Of course, Mr. Seidman. I admit that; because I have been over there and have studied the problem. But what bothers me is that if we give this benefit to the

State of Hawaii, then why should we not also give it to some of the non-reclamation states, which more than likely need reclamation programs just the same as our new state does?

Mr. Seidman. We considered this very carefully, because we were equally concerned, as you might well understand, in the Bureau of the Budget, with the principle of extending the reclamation program outside of reclamation states. Our conclusion was that Hawaii is a western state. It is consistent with that principle of limiting the program to the western states.

Mr. Aspinall. May I ask you this question: Have you made these benefits available to the State of Alaska?

Mr. Weidman. The principle was established, you will recall, that they were entitled to the reclamation program, and they chose instead to receive 52 and a half per cent of the revenues from oil and gas leases, which otherwise would have gone into the reclamation fund, in lieu of the extension of the reclamation program.

Mr. Aspinall. But you are also cognizant of the fact that representatives, Congressional members, from the State of Hawaii, are asking for further and additional benefits from the reclamation fund?

Mr. Seidman. I think if they ask for that, they should have adjustments. In the committee report in the House

on the Alaska Statehood Bill, it says, "The payment of those proceeds" -- referring to the proceeds from the Mineral Leasing Act -- "is recommended in return for not being covered in the Reclamation Act."

If this is extended to the State of Alaska, certainly some adjustments should be extended to the State of Alaska,

Mr. Aspinall. Under the circumstances, do you foresee the time when there might be an attempt to extend the Reclamation Act to the State of Hawaii?

Mr. Seidman. I would not foresee that, because the circumstances are such in Hawaii that I do not think the extension of the Reclamation Act as a whole to Hawaii would ever be warranted.

Mr. Aspinall. Let me ask you this additional question: In your opinion, if the Small Reclamation Project Program should later on be funded, wholly or partly, by the reclamation fund, would you consider that the State of Hawaii then had any right to the benefits derived from participation in that fund?

Mr. Seidman. If that circumstance should arise, I think certainly arrangements should be made in law to require payments by Hawaii into the fund, on some comparable basis. I think it would have to be adjusted, because in the other states revenues from these oil and gas leases go into the reclamation fund, and to my knowledge at the

present time we do not have any oil and gas lands in Hawaii which would produce such revenues for the fund.

Mr. Aspinall. If the repayment monies are intermingled with the reclamation fund, then Hawaii should be entitled at least to aid from the reclamation fund from the amounts that the projects in Hawaii repaid; is that correct?

Mr. Seidman. That is correct. If it were intermingled. And as I said, I am not certain of this, but I do not think so.

Mr. Aspinall. I am not, either, at the present time. The gentleman from Alaska?

Mr. Rivers. Mr. Chairman, in reference to Alaska having elected to take the 52 and one-half per cent cash in lieu of participating in the reclamation fund, I am aware that we have asked for monies for surveying of hydro programs up there, but we are dealing with the Corps of Engineers, and all of our projects are strictly hydro, and there has been no multiple purpose features involved, such as irrigation and flood control and recreational features. And those hydros would be fully paid by the revenues; and no part allocated to these other programs.

Mr. Aspinall. Mr. Chairman, I do not wish to get into this discussion this morning, because that will be taken care of later, when we talk about it; but I think my colleague better find out before we get into the discussion where

those survey investigation funds come from.

Mr. Rivers. Yes. Thank you.

Mr. Seidman. Those are also separately appropriated. They are not from the reclamation fund for Alaska. That is a separate appropriation.

Mr. Rivers. So far as we are able to go ahead.

Mr. Aspinall. Now, Mr. Seidman, how many acres of public lands were conveyed to Hawaii by the Statehood Act?

Mr. Seidman. All of the public lands with certain exceptions were conveyed to the State. Now, the exact amount cannot be determined until after the five year period, when all of the Federal agencies which are currently controlling some of the lands have completed their surveys and then reported to the President. The Act provides for a transfer of all of these lands which were ceded to the United States at the time of annexation, with certain enumerated exceptions.

Mr. Aspinall. I was trying to find out whether your argument was based upon the principle that was involved or whether it was based on the valuation of the properties that would be affected. That is what I was trying to find out.

Mr. Seidman. There was no question of valuation taken into account in the land grant, to my knowledge.

Mr. Aspinall. It was just the question that all public

lands would be available to the State of Hawaii, regardless of their value?

Mr. Seidman. That is correct, yes.

Mr. Aspinall. Mr. Chairman, I have received a telegram from Arthur A. Rutledge, Hawaii Teamsters and Allied Workers Local 996, which reads:

"Strongly urge hearing in Honolulu on Section 40 of Hawaii Omnibus Bill dealing with exclusion of Hawaii from Interstate Commerce Act provisions. Trucking interests are aiming at no regulations. Either Federal or State situation needs airing here."

Now, in view of the fact that it has been suggested that these sections are to be stricken from the bill, perhaps this is not material at this time, but what is the meaning of that telegram?

Mr. Seidman. I really do not understand the meaning of the telegram. I can explain what the previous position of the Interstate Commerce Commission was. It was their view -- and this was a few years ago; which they have reaffirmed to us last June -- that the isolated location of Hawaii, the nature of the transportation system there, was such that there was very little of it that would come under Federal regulation. And so, therefore, it did not warrant extension of the Interstate Commerce Act and the jurisdiction of the Commission to Hawaii.

So that the carriers there, I think, misunderstand the Interstate Commerce Act, because I think most of those would be engaged in intrastate commerce and subject to such regulation as the State might provide.

Regardless of whether this section were included or not, they would not be subject to regulation by the Interstate Commerce Commission.

Mr. Aspinall. Thank you very much.

Mr. O'Brien. Mr. Westland?

Mr. Westland. I have no questions. I would like to compliment Mr. Seidman on an excellent presentation, however.

Mr. O'Brien. May I ask one question?

These possible subsequent transfers of land -- some of those lands, particularly if they come from the military control, would have very high value, would they not?

Mr. Seidman. I think land in Hawaii has very great value, Mr. O'Brien, as we all know, and we assume that included within these transfers will be land which has considerable value.

Mr. O'Brien. I wonder if it would be possible to get in some form an estimate of the acreage which might be transferred. I realize that is difficult, because of the military, for example. We just do not know. And I assume all Federal land there would be potential.

Mr. Seidman. I do not think we can get a reliable

estimate. We took this up in Hawaii with the military, who are of course the once principally concerned, and this depends upon so many factors. It depends upon what kind of new weapons systems we develop and what the military requirements are going to be, as to what land will or will not be excess to the needs of the Federal Government.

So until this survey is completed, I think it would be impossible to make any reasonable estimate of the amount of lands which ultimately will be transferred to the new state.

We have included the provision in the bill dealing with coordination, requiring the President -- this is Section 44 of the bill -- in reports on Federal land use, to assure that there will be a central point of coordination, that the President will establish a time table for accomplishing this job, and that it will be done pursuant to uniform policy. I think we generally want to see that as much as possible can be transferred to the new state.

Mr. O'Brien. And that would include some help by the military?

Mr. Seidman. I am certain it will.

Mr. O'Brien. I have in mind the particular plot or area which is not used for missiles, but for bathing, a very valuable beach property that I understand is the subject of considerable controversy in Hawaii.

Mr. Seidman. Well, in Fort DeRussy, to which I assume you have reference, there is a problem in Hawaii for providing adequate recreational facilities for our military personnel, on the Island of Oahu.

Of course, Fort DeRussy was purchased land, not ceded land. But in discussing this with both the military and the representatives of the State delegation, I think they all were cognizant of the need which the military had for this type of facility. It is a question of how much of this land they require; and certainly the Department of Defense, the personnel in Hawaii, were carefully looking at this problem, to ascertain how much of this area could be in some way or other made available to the State, and since this is not ceded land, there has been a problem.

Mr. O'Brien. When would the termination date of this five year period be?

Mr. Seidman. August 21, 1964.

Mr. O'Brien. Thank you.

Mr. Ullman?

Mr. Ullman. First, Mr. Seidman: To what extent does Hawaii contribute under the Federal Highway Program to Federal transportation taxes?

Mr. Seidman. Up until now, I think this has been one of the chief complaints of Hawaii, Mr. Ullman, that they have contributed more into the program than they have

received back in benefits. They do contribute to the fund, like many other states.

Mr. Ullman. Do they contribute on an equal basis with the states?

Mr. Seidman. On an equal basis.

Mr. Ullman. You say the bill would confirm Hawaii's partial exemption from the Federal tax on transportation?

Mr. Seidman. There is a transportation tax, which, under an amendment which was introduced at the time the bill was under consideration, by Senator Morse in the Senate, which exempted traffic which was essentially on the high seas between the mainland and Hawaii and the mainland and Alaska. And he introduced this amendment with the statement that this exemption should continue after statehood, and with statehood in mind.

Partial exemption means that once they get within the three-mile limit of Oahu, they are subject to tax. If they would not, it would raise a constitutional problem.

Mr. Ullman. This is to and from?

Mr. Seidman. To and from on that portion of the trip which is in effect on the high seas, from the mainland to Alaska and Hawaii.

It was intended in the Alaska Omnibus Bill to confirm this for both Alaska and Hawaii at that time. There was a technical problem in language that was used. And while

the Treasury Department has construed the exemption as now applicable to Hawaii, they feel that it ought to be confirmed in legislation.

Mr. Ullman. I think that is clear.

What is the meaning of the Section 39 amendment to the definition of the term "continental United States" as far as the Federal Communications Act of 1934 is concerned?

Mr. Seidman. The Federal Communications Act in this provision deals with the question of mergers of carriers. This arose at the time Western Union and Postal Telegraph were merged, and in fact Western Union was given a domestic monopoly. In return, they were required to divest themselves of any international business.

Now, those definitions of the terms "domestic" and "international" in terms of the Communications Act are strictly geographical and not political, because they included in the term "domestic" telegraph operations, service not only within the then existing 48 states, but to Alaska, Canada, Newfoundland, and some other areas adjacent to Canada, and Mexico. The traffic to other areas, including Hawaii, was classified as "international." And that traffic had to be apportioned by Western Union among the international carriers in accordance with a formula prescribed by the Federal Communications Commission.

Upon enactment of the Statehood Act, we had a problem

of conflict of definition as to the Communications Act. There is one section which refers to "domestic," including telegraph traffic among the states, which would include Hawaii. Under the definition of "international," it would still apply to Alaska.

The only intent here is to prescribe the status quo, because I do not think there was an intent in the Statehood Act to change this situation, since substantial private rights were involved, and the Federal Communications Commission has already initiated an action and has asked for submission of briefs and is going to conduct a hearing, and will then, on the basis of testimony of interested parties, make recommendations to the Congress.

Mr. Ullman. We can expect individual recommendations in the future on this point?

Mr. Seidman. Yes. The only attempt here was to preserve the status quo until the Federal Communications Commission acted.

Mr. Ullman. But not to confirm that a change was necessary?

Mr. Seidman. This is no reflection of any view on our part as to whether Hawaii ought to be in the international area or whether it ought to be in the domestic area for the purposes of telegraph communications; but merely that we ought to preserve the present situation so

that parties who have rights involved shall have a chance to be heard.

Mr. Ullman. I think that is clear in the record.

Is there any indication as to the form of government Wake and Midway might have under the terms of this?

Mr. Seidman. I think it would be the simplest type of government. In the case of Palmyra, it would be included under the Secretary of the Interior. Since there is almost no population on Palmyra, I do not think there would be even anybody there. The Secretary of Interior would probably prescribe certain regulations applicable to Palmyra and send representatives there at such times as would be necessary to enforce those laws.

We encounter a somewhat different problem on Wake Island, where we have a growing population, for reasons I do not think we can discuss here, and no laws applicable, other than the Federal Criminal Code and the Admiralty Law. And you cannot deal with such questions as marriage and licensing of motor vehicles or anything else without some simple legislation for the area.

At the present time, the island is administered by the Federal Aviation Agency. We have not been able, have we, Ruth, to trace how they got the delegation yet?

Mrs. Van Cleve. They have no direct authority. They have some interagency agreement with the Navy, which was

given administrative responsibility by the President in 1934. But apparently the Navy has determined that as of now it need no longer exercise this responsibility, has placed it by its own action in the Federal Aviation Agency, which is currently acting as though it were the delegation of the President, which, of course, it is not. The Federal Aviation Agency has no real authority to administer the island.

Mr. Ullman. We could expect, then, some change in the situation on Wake Island?

Mr. Seidman. That is correct. We have not yet reached a decision. I think we will look into the problem in more detail upon enactment, with both the Federal Aviation Agency and the Department of the Interior.

We are beginning to have a substantial problem in administering Wake Island, which we did not have before; but it is a question whether that responsibility ought to go over to the Department of the Interior or to the Federal Aviation Agency.

Mr. Ullman. We are seeing a rather rapid expansion in the population at Wake?

Mr. Seidman. I think their population is somewhat over a thousand. I know when we talked to them in Hawaii, the Regional Director of the Federal Aviation Agency said for the first time they had had to put locks on the doors

of houses on Wake Island.

Mr. Ullman. What is the situation in Midway?

Mr. Seidman. Midway is under direct Navy jurisdiction, and I think the problem now is related to the Supreme Court decision and the Department of Military Justice. If they have some civilian population, there would be some laws applicable to those civilians other than military justice.

Mr. Ullman. To what extent will the passage of this legislation and of the Statehood Bill place Hawaii in the same category as the rest of the states, and to what extent will they be under separate laws?

Mr. Seidman. I think in all major respects they would be on the same basis as any other state. The only exception would be the Communications Act, concerning which you have just raised a question, and the tax on transportation. And we are leaving unaffected -- However, we have a problem on this under the Sugar Act. But this is not really that they are not being treated as other states, because this Act is of such a nature that it does not apply uniformly to all states. Only two states on the mainland grow sugar cane.

But again, we did not intend to make any such changes in the Sugar Act, because that is up for extension this year, and if there are any questions relating to Hawaii, they ought to be considered in the context of the amendments

or extension of the Sugar Act itself.

Mr. Ullman. You have attempted herein to place Hawaii in exactly the same status as other states in so far as Federal programs and grants-in-assistance and so on are concerned?

Mr. Seidman. That is correct. There are some very minor changes, such as the authority of the members of the Coast and Geodetic Survey to serve as notaries public in both Alaska and Hawaii. They are under existing law, which are not amended, as to provisions of the Housing Act, which permit mortgage insurance at a somewhat higher rate than those available in the other states. That goes up to 50 per cent higher, where the differences of cost indicate that course of action.

Mr. Ullman. This is the sort of thing I had in mind. Outside of the scope of this bill, are there very extensive differences?

Mr. Seidman. No, there are not. The only ones I can think of where there are differences are the Sugar Act and the provisions of the Housing Act.

Again, on the question of the Housing Act, this was discussed in connection with the Alaska bill when the 1959 Housing Act amendments were enacted. During the first session Housing was directed to consider this in terms of coming up with general language on the subject, which would

apply to any state with similar circumstances.

Mr. Ullman. You felt here you did not want to make any change in that particular situation?

Mr. Seidman. No, this is now between the Housing Administration and that committee, and they are actively working on this. This, again, is really not a question of Federal-State relationships. It is a question of dealing with individuals. So they are the beneficiaries rather than the State.

Mr. Ullman. But it does grant it to different states than Hawaii?

Mr. Seidman. Correct. There are other states here which we are not dealing with in this bill. There are questions of dealing with Federal personnel in Hawaii and Alaska and other areas.

As you know, there are cost-of-living allowances and certain benefits which Federal personnel receive in these states which they do not receive in other states. But this is basically a separate matter. This is a matter of the Federal Government's dealings with its own personnel. It is a very difficult problem.

Mr. Ullman. That is all, Mr. Chairman.

Mr. O'Brien. I would like to ask: How many people are there in Palmyra? Do you know?

Mr. Seidman. They said there were about 10 people on

Palmyra, and I do not think it is a permanent population of 10, either.

Mr. Schnoor. It varies from time to time. They send a work crew out once in a while with 10 or 20 people in it.

Mr. O'Brien. We really set up something of the orphan of the Pacific when we struck Palmyra asway from Hawaii, did we not?

Mr. Schnoor. Yes, sir.

Mr. O'Brien. I was thinking if it ever got to the point where there would be a governor of Palmyra, it would be a very nice job. Or a delegate from Palmyra. You would have no difficulty keeping in touch with your constituents.

Mr. Seidman. Mrs. Van Cleve has called attention to a statement I made with reference to the applicability of the Federal Criminal Code to these islands, and it seems this is a somewhat debatable legal point. There is a question whether the Criminal Code does or does not apply.

Mr. Kyl. I would like to take advantage of Mr. Seidman's presence and judgment and knowledge on this matter: Under the Statehood Act were there lands ceded other than military establishments?

Mr. Seidman. As to Hawaii? Yes. All of the public lands of Hawaii, those lands which were ceded to the United States at the time of annexation, of Republic of Hawaii, were granted to the state. There are certain exceptions, and

those exceptions mainly run to those lands which were under the control of Federal agencies pursuing the law of executive order or agreement with the Government. In all of these lands which are controlled at the present time by Federal agencies, there must be a review by each one of these agencies of their continued need for this land during the next five years, and then they are to report to the President, and when they report that land as excess to the need, the President is to transfer these lands to the State.

Mr. Kyl. In other words, no determination has been made of area or value on those lands, either?

Mr. Seidman. No.

(Discussion off the record.)

Mr. O'Brien. Mr. Rivers?

Mr. Rivers. No questions.

Mr. O'Brien. I want to thank you again, sir, you and your colleagues, for a very splendid job. We are very grateful to you.

Mr. Seidman. Thank you very much, Mr. Chairman.

Mr. O'Brien. I have a statement submitted by Mr. William E. Welsh, Secretary-Manager of the National Reclamation Association, which he asks to have placed in the record. It bears upon the colloquy between Mr. Aspinall and Mr. Seidman with regard to the Small Reclamation Projects Act. I might say that the association supports the provision in

the bill providing for the application of the Small Reclamation Projects Act to the State of Hawaii.

If there is no objection, the statement will be received for the record.

Mr. Aspinall. Reserving the right to object, Mr. Chairman, I shall not object; but I wonder if we could not have permission also to ask any questions of Mr. Welsh that are reasonable on the statement put in the record.

Mr. O'Brien. With that exception, the statement will be included in the record.

(The statement of William E. Welsh, Secretary-Manager of the National Reclamation Association, is as follows:)

STATEMENT BEFORE THE HOUSE SUBCOMMITTEE ON INTERIOR AND INSULAR
AFFAIRS ON H. R. 10475 RELATING TO THE STATE OF HAWAII

By

William E. Welsh, Secretary-Manager
National Reclamation Association
897 National Press Building
Washington, D. C.

February 23, 1960

My name is William E. Welsh. I am Secretary-Manager of the National Reclamation Association. My purpose in appearing before your Committee today is to register our support for that provision in the bill, H. R. 10475, Section 33, which reads: "The Small Reclamation Projects Act of 1956 (70 Stat. 1044), as heretofore and hereafter amended, shall apply to the State of Hawaii."

The National Reclamation Association was the original sponsor of small projects legislation more than a decade ago and the principal, if not the only sponsor, of that legislation over a period of years until an agreement was reached and legislation was enacted by the Congress and approved by the President in 1956. We, therefore, feel that we have almost a proprietary right in this legislation; at least we feel privileged to express our opinion regarding the proposal which is before this Committee.

The State of Hawaii, being the last State to come into the Union, we are all naturally anxious to give all of the encouragement, aid and help that we can to that State. We are advised that a Small Reclamation Projects program would be very helpful and we believe it appropriate that the benefits of that program should be made available to Hawaii.

We made some investigations before reaching this conclusion. The question was raised that Hawaii is not a public-land State, and therefore, would not contribute to the Reclamation Fund, but our investigation shows that none of the Reclamation Fund is used for the loan program of which the Small Reclamation

Projects program is a part. We are told that the Reclamation Fund is used only on the following items: general investigations; construction and rehabilitation; operation and maintenance, and general administrative expense.

Although, after some investigation, I was thoroughly convinced in my own mind that it was proper for us to support this provision in the bill before your Committee, nevertheless I called by long distance telephone both the President of our Association, Mr. LaSelle E. Coles, Prineville, Oregon, and the Chairman of our National Reclamation Association Small Projects Committee, Mr. Doyle F. Boen, Hemet, California. Both of these gentlemen gave their whole-hearted and unqualified support to the proposal and expressed full agreement with my suggestion that it was appropriate for me to appear before this Committee in support of the provision referred to in this bill.

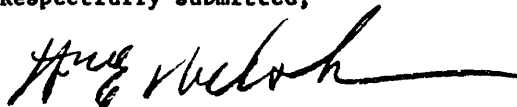
We believe that the Small Reclamation Projects program is moving along very satisfactorily and that considerable is being accomplished, especially in view of the fact that the program is just getting under way. We are of the opinion that some amendments to the Small Reclamation Projects legislation will be helpful, but we were of the opinion, as I understand some of the Committee members were also, that it would be better to wait a year or two and give the legislation a trial before we proposed too many amendments. To date there have been some fourteen or fifteen projects approved by the Department and the Committees of the Congress, and are now under construction or ready to be placed under construction very shortly.

In order to give a better appraisal of the feelings within our Association with respect to this legislation, I am attaching to my statement a copy of the report by our Small Reclamation Projects Committee, which was submitted to the Association during the last annual meeting in Denver, Colorado, last October. I am also enclosing a copy of the resolution dealing with the Small Projects program adopted at the same annual meeting.

Many of the members of this Committee were also members of the Subcommittee on Irrigation and Reclamation during the time that the Small Reclamation Projects program was up for consideration. On behalf of the National Reclamation Association, I wish to express to you our sincere appreciation for your enduring patience over a period of years and your ultimate favorable consideration of this important legislation.

We appreciate the opportunity of presenting this statement to the Committee for your consideration. Again we urge your Committee to approve the provision in the bill before it which would make the benefits of the Small Reclamation Projects Act available to the State of Hawaii.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "W. E. Welsh", with a long horizontal flourish extending to the right.

William E. Welsh
Secretary-Manager

Enclosures 2

NATIONAL RECLAMATION ASSOCIATION
REPORT OF THE SMALL PROJECTS COMMITTEE
28th Annual Meeting, Denver, Colorado

October, 1959

The Small Reclamation Projects Act of 1956, Public Law 984 of the 84th Congress, provides for Federal loans to non-Federally planned, constructed and operated reclamation projects costing less than \$5 million each. Irrigation features of the projects are interest free, although associated loans for domestic, power and municipal uses and loans on irrigated lands in excess of 160 acres per owner must be repaid with interest.

The Secretary of the Interior has designated personnel and has established simplified procedures to speed up the processing of small project applications consistent with adequate protection of the Federal loans. Mr. Rex Reed of the Bureau of Reclamation in Denver has been appointed by the Secretary as Loan Engineer to take direct charge of the program. Also, an engineer from each regional office of the Bureau has been directed to work primarily on the processing of small projects applications, and these engineers have recourse to the knowledge and experience of the entire staff of their respective regional offices.

The small projects program has been in effective operation a little over two years. During that period of time, 65 applicants have filed Notices of Intent with the Department of Interior. Of these, 23 preliminary applications have been received by the Loan Engineer in the Denver Office of the Bureau, and only 16 have been processed by the Denver Office, forwarded to Washington and approved by the Secretary. At the present time 4 projects have been fully processed and are under construction. The attrition rate during the initial period has, therefore, been quite high. This is natural, since many preliminary inquiries were made regarding projects which could not qualify under the program. As the small projects work becomes more fully understood by potential applicants, however, the mortality rate should drop sharply. Also, it must be recognized that many of the applications enumerated above are still "in the mill" and should soon be approved and on their way.

Some feeling has been expressed in the past regarding the slowness of the Department in processing the original group of applications. However, when it is realized that an entirely new system for handling these applications had to be set up and perfected, the program is apparently going forward satisfactorily. It has been successful in getting under way a number of reclamation projects which would not have been feasible under usual reclamation procedure. It is the potential vehicle for processing many other reclamation projects of small size throughout the western United States.

The present need, as your Committee sees it, is to advertise more fully throughout the reclamation states the advantages of the program. It can be used both for the establishment of new irrigation projects and for the rehabilitation and betterment of existing projects in need of reclamation, improvement or repair. The several State water departments in the West can well take an effective hand in promoting this work.

The Secretary has gone to some lengths in setting up an organization and in establishing procedures to expeditiously handle the program. Should the Western States fail to make use of these services, the effectiveness of this organization may well be hampered and its usefulness curtailed. It is your program and it is up to you to take full advantage of it.

In earlier reports to the Association, your committee has discussed possible changes in the Act which would improve it from an operational standpoint, but, to date, has recommended that action on any amendments be delayed to give the present program a reasonable period of time in which to be treated. The time may now well be at hand to attempt to modify the Act.

One of the major stumbling blocks has been the requirement that the local organization pay engineering costs of initiation and planning of an application. In the case of an entirely new project, there is no local organization and almost no opportunity to form one which can take over the responsibility for engineering costs and planning. In the case of rehabilitation and betterment of existing projects, the local organization, with few exceptions, has insufficient funds to pay such costs, particularly in those cases where such engineering investigations may show the project to be infeasible or unable for other reasons to participate in the program.

Your Committee feels that the small reclamation projects program should be treated on the same basis as other similar Federal programs. This means that engineering costs, particularly in cases where proposed projects fail to materialize, should not become an additional load on already overburdened water users.

It should be pointed out that at present there are Federal agencies such as the Housing and Home Finance Agency which can make funds available to applicants to pay engineering fees and expenses.

It is impossible, at present, for the Secretary of Interior to make adequate provision for the small projects program in preparing his annual budgets. Because of this provision, there is a built-in year's delay for any small project, unless it can be taken care of by means of a supplemental appropriation - which action is undesirable, because it lies outside of the normal budget process. Your committee feels that the law should be modified to correct this difficulty.

The Act also provides that each proposal shall undergo a 60-day lay-over period before the appropriate House and Senate Committees of the Congress can appropriate money to get construction started. Your committee feels that it should be authorized to explore the possibility of amending the law so that the Congressional Committees can take affirmative action on these applications and thereby avoid this delay.

Your committee has enjoyed the fullest cooperation of the Secretary of the Interior and the Commissioner of Reclamation and his staff in working out processing criteria and procedures, and the members wish to express to them the gratitude and thanks of the committee. We trust and believe that they will continue every effort to simplify and expedite procedures which will make the program even more workable.

In conclusion, it is recommended that the Small Projects Committee be directed to continue its efforts, in line with the above recommendations, to the end that the small projects program may be improved and simplified and that there be a fuller dissemination of information about the program, its advantages and the procedures to be taken by applicants in the processing of their projects.

Respectfully submitted,

Doyle F. Pfen
Fred E. Buck
George N. Carter

Richard Hendrick
Thomas W. Jensen
Kenneth Morrison

William C. Smith, Jr.
Roy Whitacre
John H. Bliss, Chairman.

NATIONAL RECLAMATION ASSOCIATION

Resolution No. 24

SMALL PROJECTS

WHEREAS, under the Small Reclamation Projects Program, a program long endorsed by the National Reclamation Association, many applications for loans have been submitted to and are being processed by the Department of the Interior and some such loans have been approved and funds appropriated therefor and several small projects are under construction; and

WHEREAS, many problems incidental to any new program have confronted both applicants for loans and administrative officers of the Department of the Interior, but these problems are gradually being solved through co-operative effort on the part of both parties; and

WHEREAS, some changes in the Small Reclamation Projects Law have been proposed and may be desirable; and

WHEREAS, it is believed that there are numerous organizations unaware of the opportunity under the Small Reclamation Projects Act;

NOW, THEREFORE, BE IT RESOLVED, by the National Reclamation Association, that:

1. The Secretary of the Interior be urged to continue the simplification of procedures and the adoption of reasonable requirements by which applications for loans may be processed without undue delay and unnecessary expense;

2. The National Reclamation Association engage in a program which will adequately inform prospective applicants of the opportunities under the Small Reclamation Project Act;

3. Legislation be enacted:

(a) To equate the requirements for local participation under the Small Project Act with the loan program covered by the Watershed Protection Act.

(b) To permit the Secretary of Interior to include requests for funds to finance loans which he anticipates will be approved during the budget year in his normal budget procedure.

(c) To permit appropriations to be made for Small Projects loans upon affirmative action by the Interior and Insular Affairs Committees.

4. The Small Projects Committee of this Association be continued.

Mr. O'Brien. Our next witness is Mr. John F. Donelan, representing the Kahului Railroad Company of Maui, Hawaii.

STATEMENT OF JOHN F. DONELAN, KAHULUI
RAILROAD COMPANY, MAUI, HAWAII

Mr. Donelan. Thank you, Mr. Chairman.

Mr. Aspinall. I wonder if, since we only have about seven minutes, Mr. Donelan would be willing to put his statement in the record and talk to the statement.

I understand your point has been granted.

Mr. Donelan. I was very pleased to hear of that this morning.

I would be glad to concur with the request of Mr. Aspinall. I would like to read a very short letter related to my statement.

Mr. O'Brien. Yes, and without objection the entire statement will appear in the record as though read.

Mr. Donelan. Thank you, Mr. Chairman.

My name is John F. Donelan. I am an attorney and counselor at law, a member of the law firm of Pope, Ballard and Loos, Munsey Building, Washington, D. C. I am appearing in behalf of the Kahului Railroad Company, Maui, State of Hawaii, at the request of Mr. Charles H. Burnett, Jr., its General Manager. Due to circumstances beyond his control it was not possible for Mr. Burnett personally to be present here today.

For many years I have represented Kahului Railroad Company in Washington before the various Federal departments and agencies. My law practice is primarily in the field of transportation. In 1958 I served as National President of the Association of Interstate Commerce Commission Practitioners and this past year as Chairman of the Committee on the Interstate Commerce Act, Section of Administrative Law, American Bar Association.

Identity of Kahului Railroad Company.

Kahului Railroad Company is physically located on the Island of Maui, with its main terminal at Kahului Harbor on Maui. The vast preponderance of its transportation has been and is in interstate commerce. On outgoing traffic, the movement is from the interior point on Maui via Kahului Railroad Company to the harbor, at which point the traffic is loaded into vessels for further transportation to the continental United States, for the most part. On incoming traffic, the movement is from the continental United States, for the most part, by vessel to Kahului Harbor, whence the traffic moves via Kahului Railroad Company to the ultimate destination on Maui. Essentially, in both categories, a continuous movement in interstate commerce is involved.

Past and Current Jurisdiction of the Interstate Commerce Commission Over Kahului Railroad Company.

Over the many years past up to the present time Kahului

Railroad Company has been and is subject to the Interstate Commerce Act and to regulation by the Interstate Commerce Commission with respect to its interstate transportation, services, operations, rates, et cetera. Kahului Railroad Company has kept its tariff schedules pertaining to interstate railroad transportation on file with the ICC, has filed the prescribed annual reports with the Interstate Commerce Commission, has been served with and has complied with numerous orders and regulations of the ICC -- applicable to Kahului Railroad Company and the other railroads of the United States.

Opposition of Kahului Railroad Company to Proposals Contained in Various Hawaiian Omnibus Bills to Terminate ICC Jurisdiction Over Interstate Railroad Operations, Rates, Services, et cetera, of Kahului Railroad Company.

While Kahului Railroad Company takes no exception to the so-called "technical" provisions in the various Hawaiian Omnibus bills, being enacted in view of Hawaiian statehood, it registers its earnest and emphatic opposition to the drastic "substantive" proposals in such bills to terminate in one stroke of the pen the long-established jurisdiction of the Interstate Commerce Commission over the interstate railroad transportation, operations, rates, services, et cetera of the railroads in the State of Hawaii, including Kahului Railroad Company.

The Interstate Commerce Commission has experience extending back to 1887 in the regulation of interstate railroad transportation, rates, services, et cetera under the Interstate Commerce Act and the other Federal laws which the Congress has entrusted to the Commission to administer. Kahului Railroad Company feels very strongly that there is not the slightest warrant for losing the benefit of that long experience of the ICC in interstate regulation of railroads so far as the railroads of Hawaii are concerned. The present system of interstate regulation of Kahului Railroad Company as to its interstate railroad transportation, rates, et cetera, is working well. The guiding principles are established, clear-cut and have stood the test of time.

Merely because Hawaii has become a state is certainly no reason for terminating ICC jurisdiction. The very opposite is the case. Interstate Commerce Commission jurisdiction over interstate transportation, rates, services, et cetera, has long and satisfactorily operated side by side with State Commission jurisdiction over intrastate transportation rates, services, et cetera in the 48 states. There is every reason to recognize that the same will be true in the case of Hawaii. Kahului Railroad Company fully respects the right and power of the Hawaiian State Public Utilities Commission to regulate the exclusively intrastate

railroad operations, transportation, services, rates, et cetera, of Kahului Railroad Company.

It is the understanding of Kahului Railroad Company that the Interstate Commerce Commission is currently of the view that the proposals to terminate Interstate Commerce Commission jurisdiction over the railroads in Hawaii should not be enacted.

The specific provisions of the Hawaiian Omnibus bills to which Kahului Railroad Company is opposed, and which it asks be stricken, are as follows:

H.R. 10434, Sections 36 and 40.

H. R. 10443, Sections 36 and 40.

H.R. 10456, Sections 36 and 40.

H.R. 10475, Sections 36 and 40.

We would include also the comparable provisions in H.R. 10463, the precise text of which was not available to me as of this date, as well as any other similar legislative proposals.

Comment is in order with respect to the attitude of the Interstate Commerce Commission on the issue of whether ICC jurisdiction should continue over the interstate transportation, service, rates, operations, et cetera of the railroads of Hawaii.

The Congressional Record, Volume 106, No. 27, of February 17, 1960, at pages 2475 to 2482 inclusive, refers

to S. 3054, the Hawaiian Omnibus Bill introduced in the Senate. At page 2479, Section 40, of the Sectional Analysis accompanying S. 3054 is quoted. At page 2481, upper middle column, there is a quotation from the letter of transmittal of S. 3054 to the President of the Senate. Both purport to indicate that the Interstate Commerce Commission favors termination of its jurisdiction over the interstate transportation, operations, services, rates, et cetera, of the railroads of Hawaii. Our investigation reveals that such statements do not reflect the current thinking of the Interstate Commerce Commission.

As recently as this past Saturday, February 20th, I was advised orally by the ICC Legislative Counsel that the Chairman of the Interstate Commerce Commission has written to Kahului Railroad Company to the effect that the Commission is now of the view that the proposed legislation which would terminate ICC jurisdiction over the railroads of Hawaii should not be enacted. While I have not actually seen this letter, I have no reason to doubt the correctness of the above. In any event, it is the position of Kahului Railroad Company that this committee should ascertain the present views of the Interstate Commerce Commission on this matter which is of such vital importance to Kahului Railroad Company.

Conclusion.

Only with the greatest reluctance does Kahului Railroad Company raise this issue in connection with the Hawaiian Omnibus bills. To the other provisions, it is, of course, raising no objection.

However, Kahului Railroad Company is strongly opposed to Sections 36 and 40 of these proposed bills which embody the drastic provisions to terminate all jurisdiction of the Interstate Commerce Commission over the interstate railroad transportation, rates, service, operations, et cetera, of the railroads of Hawaii.

It is the considered judgment of Kahului Railroad Company that such a drastic proposal is not in the public interest, and has no proper place in the Hawaiian Omnibus bill. Most certainly the pertinent facts should be thoroughly investigated and ascertained by this committee either directly or after thorough investigation of the facts by the ICC, with full report thereafter by the Interstate Commerce Commission to this committee. There is certainly no need for precipitous action or for haste. The present system of ICC regulation of the interstate transportation, rates, operations, service, et cetera, has worked well for many years and is working well now.

In behalf of Kahului Railroad Company I respectfully urge this committee to strike from the Hawaiian Omnibus bills before you, and to exclude from the bill you finally

February 19, 1960

AIR MAIL

Mr. C. H. Burnett, Jr.
General Manager
Hawaii Railway Company
Honolulu, Hawaii, Hawaii

Dear Mr. Burnett:

Your letter of February 15, 1960, with enclosure,
stating that the Hawaii Railway Company should remain under
the jurisdiction of this Commission, has been noted.

After further study of this matter, the Commission is
now of the view that legislation which would exempt railroads
in Hawaii from regulation by this Commission should not be
enacted.

Sincerely yours,


John H. Witzell
Chairman

cc: Commissioner Murphy
General Counsel Gimenez
Mr. Spicer

RAW: AB

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adopt, any and all provisions which would terminate the jurisdiction of the ICC over the railroads of Hawaii. If there is to be any legislation on this subject in such bill, Kahului Railroad Company then asks that it be affirmatively and specifically provided that the jurisdiction of the Interstate Commerce Commission over the interstate transportation, operations, rates, services, et cetera of the railroads in Hawaii shall continue in full force and effect.

Under date of February 19, 1960, the Honorable John H. Winchell, Chairman of the Interstate Commerce Commission, addressed a letter to Mr. C. H. Burnett, Jr., General Manager of the Kahului Railroad Company, Kahului, Maui, Hawaii, as follows:

"Dear Mr. Burnett:

"Your letter ... with enclosures stating that the Kahului Railroad Company should remain under the jurisdiction of this Commission has been noted.

"After further study of this matter, the Commission is now of the view that the legislation which would exempt railroads in Hawaii from regulation by this Commission should not be enacted.

"Sincerely yours."

Thank you, Mr. Chairman and members of the committee.

Mr. O'Brien. Thank you very much. I think that

clears up the situation to your satisfaction and the satisfaction of everyone.

Mr. Westland. Mr. Donelan, this is from the Kahului Railroad Company in Hawaii. How about the Oahu Railroad Company?

Mr. Donelan. The other railroad is the Oahu Railroad and Land Company. I am reluctant to speak for anybody else, but I can say this, Mr. Westland. My understanding is that they are of the same view as the Kahului Railroad Company, and it would not surprise me if they do not shortly communicate that view to the committee.

Mr. O'Brien. Mr. George Galland, representing that company, is our final witness.

Thank you very much, sir.

Is Mr. George Galland here?

He has changed his mind about testifying, as he explains in this note. We have already taken up the point he was planning to present. So I think that covers that situation.

That concludes the list of witnesses we have for this morning.

Unless there is some request from the committee for additional witnesses, the committee will endeavor at its next session on this particular subject to start marking up the bill.

Mr. Aspinall. Mr. Chairman, I will ask Dr. Taylor: Did we give proper notice, so that anyone having any interest in this legislation could apply?

Dr. Taylor. Yes, I think if anyone would have wished to be here, they could have made their wishes known.

Mr. Aspinall. As you understand it, it has been properly publicized throughout the islands?

Dr. Taylor. Yes, I am sure the newspapers gave proper notice of it, as well as did the Congressional delegation.

Mr. O'Brien. With that understanding, then --

Mr. Aspinall. Mr. Chairman, I suggest that we could close the hearing at this time and proceed to a write-up at the next meeting.

Mr. O'Brien. Unless there is objection, the hearings are concluded at this time, and at the next meeting we will mark up the bill.

(Whereupon, at 11:40 a. m., the subcommittee was adjourned.)