

be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Approved December 23, 1944.

[CHAPTER 713]

AN ACT

To amend the Federal Crop Insurance Act.

December 23, 1944  
[H. R. 4911]  
[Public Law 551]

Federal Crop Insurance Act, amendments.  
52 Stat. 74.  
7 U. S. C. § 1508 (a);  
Supp. III, § 1508 (a).  
Insurance against loss on wheat, cotton, and flax.

Percentage coverage, limitation.

Losses not covered.

County provisions.

Other agricultural commodities.

Limitations.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (a) of section 508 of the Federal Crop Insurance Act, as amended, is amended to read as follows:

“(a) (1) Commencing with the wheat, cotton, and flax crops planted for harvest in 1945, to insure, upon such terms and conditions not inconsistent with the provisions of this title as it may determine, producers of wheat, cotton, and flax against loss in yields due to unavoidable causes, including drought, flood, hail, wind, frost, winter-kill, lightning, fire, excessive rain, snow, wild-life, hurricane, tornado, insect infestation, plant disease, and such other unavoidable causes as may be determined by the Board. Such insurance shall cover a percentage to be determined by the Board not in excess of 75 per centum of the recorded or appraised average yield of such commodities on the insured farm for a representative period subject to such adjustments as the Board may prescribe to the end that the average yields fixed for farms in the same area, which are subject to the same conditions, may be fair and just. Such insurance shall not cover losses due to the neglect or malfeasance of the producer, or to the failure of the producer to reseed to the same crop in areas and under circumstances where it is customary to so reseed, or to the failure of the producer to follow established good farming practices. Insurance shall not be provided in any county unless written applications therefor are filed covering at least fifty farms or one-third of the farms normally producing the agricultural commodities authorized to be insured, except that insurance may be provided for producers on farms situated in a local producing area bordering on a county with a crop-insurance program. The Board may limit insurance in any county or area, or on any farm, on the basis of the insurance risk involved.

“(2) For the purpose of determining the most practical plan, terms, and conditions of insurance with respect to corn, dry beans, oats, barley, rye, tobacco, rice, peanuts, soybeans, sugar beets, sugarcane, timber and forests, potatoes and other vegetables, citrus and other fruits, tame hay, and any other agricultural commodity, if sufficient actuarial data are available, as determined by the Board, to insure upon such terms and conditions not inconsistent with the provisions of this title as it may determine, producers of such agricultural commodities against loss due to the unavoidable causes covered in paragraph (1) of this subsection: *Provided*, That such insurance shall be limited in 1945 to corn and tobacco and to not more than three additional crops for each year thereafter. Insurance provided for any agricultural commodity under this paragraph shall be subject to the limitations and conditions provided in paragraph (1) of this subsection, shall be for a period of not more than three years, and shall be limited to producers in not to exceed twenty counties selected by the Board as representative of the several areas where the agricultural commodity is normally produced: *Provided, however*, That such insurance may cover a

percentage not in excess of 75 per centum of the investment in the crop, as determined by the Board. The Corporation shall report annually to the Congress the results of its operations as to each commodity under this paragraph."

SEC. 2. That subsection (b) of section 508 of the Federal Crop Insurance Act, as amended, is amended to read as follows:

"(b) To fix adequate premiums for insurance in the agricultural commodity or in cash, at such rates as the Board deems sufficient to cover claims for crop losses on such insurance and to establish as expeditiously as possible a reasonable reserve against unforeseen losses. Such premiums shall be collected at such time or times, or shall be secured in such manner, as the Board may determine: *Provided*, That, after the crop year of 1949, not more than a sum equivalent to 25 per centum of the premiums collected in the preceding year (beginning calculation of premiums collected in the crop year of 1949) shall be used for administrative expenses in any current operating year."

SEC. 3. That subsection (c) of section 508 of the Federal Crop Insurance Act, as amended, is amended to read as follows:

"(c) To adjust and pay claims for losses in the agricultural commodity or in cash, under rules prescribed by the Board: *Provided*, however, That, after the crop year of 1949, if the total amount of accumulated claims for losses on any agricultural commodity for any year exceeds the total amount of the premiums collected less the accumulated premium reserves of the Corporation with respect to any such commodity, (which reserves, after the crop year of 1948, shall not be less than 10 per centum of the premiums collected on such commodity), such claims shall be paid on a pro rata reduced basis. The Corporation shall provide for the posting annually in each county at the county courthouse of a list of indemnities paid for losses on farms in such county. In the event that any claim for indemnity under the provisions of this title is denied by the Corporation, an action on such claim may be brought against the Corporation in the United States district court, or in any court of record of the State having general jurisdiction, sitting in the district or county in which the insured farm is located, and jurisdiction is hereby conferred upon such district courts to determine such controversies without regard to the amount in controversy: *Provided*, That no suit on such claim shall be allowed under this section unless the same shall have been brought within one year after the date when notice of denial of the claim is mailed to and received by the claimant."

SEC. 4. That section 518 of the Federal Crop Insurance Act, as amended, is amended to read as follows:

"SEC. 518. 'Agricultural commodity', as used in this title, means wheat, cotton, flax, corn, dry beans, oats, barley, rye, tobacco, rice, peanuts, soybeans, sugar beets, sugarcane, timber and forests, potatoes and other vegetables, citrus and other fruits, tame hay, or any other agricultural commodity determined by the Board pursuant to subsection (a) (2) of section 508 of this title, or any one or more of such commodities, as the context may indicate."

SEC. 5. Notwithstanding the provisions of the item entitled "Conservation and use of agricultural land resources", contained in the Department of Agriculture Appropriation Act, 1945, there is hereby authorized to be appropriated to the War Food Administrator an additional amount not exceeding \$30,000,000 for making payments, subject to the applicable provisions of the Soil Conservation and Domestic Allotment Act, as amended, to producers to encourage an increased production of flax for the crop year 1945 and the Administrator is authorized to make commitments to the producers of such commodity

52 Stat. 74.  
7 U. S. C., Supp. III,  
§ 1508 (b).

Premiums.

Collection.

Use for administrative expenses.

52 Stat. 74.  
7 U. S. C., Supp.  
III, § 1508 (c).

Payment of claims.

Pro rata reduction.

Posting of indemnities paid.

Civil actions.

Time limitation.

55 Stat. 256.  
7 U. S. C., Supp.  
III, § 1518.

"Agricultural commodity."

Increased production of flax.  
*Ante*, p. 449.

49 Stat. 163.  
16 U. S. C. §§ 590a-  
590q; Supp. III, § 590h.  
*Ante*, pp. 737, 738.

accordingly in advance of the appropriation of the funds herein authorized.

Federal Crop Insurance Act.  
52 Stat. 72.  
7 U. S. C. §§ 1501-1518; Supp. III, § 1502 et seq.  
*Ante*, pp. 918, 919.

56 Stat. 695; 57 Stat. 418.  
Penalty mail.

*Ante*, p. 394.

57 Stat. 418.  
*Ante*, p. 451.

SEC. 6. For the administration of the Federal Crop Insurance Act, as amended, including amendments made by this Act, there is hereby made immediately available for the remainder of the fiscal year ending June 30, 1945, as an additional amount, not in excess of \$3,000,000 of the unobligated balances of the funds appropriated for carrying out the provisions of the Federal Crop Insurance Act for the fiscal years 1943 and 1944, and such amount thereof as may be required shall be available for deposit to the general fund of the Treasury for the cost of penalty mail incident to the crop insurance program as required by section 2 of the Act of June 28, 1944 (Public Law 364, Seventy-eighth Congress). The provisos in the items entitled "Federal Crop Insurance Act" contained in the Department of Agriculture Appropriation Act, 1944, and the Department of Agriculture Appropriation Act, 1945, are hereby repealed.

Approved December 23, 1944.

[CHAPTER 714]

AN ACT

December 23, 1944  
[H. R. 4968]  
[Public Law 552]

To amend section 511 (c) of the Merchant Marine Act, 1936, as amended, relative to deposit of vessel proceeds received from the United States in certain cases, and for other purposes.

Merchant Marine Act, 1936, amendments.  
54 Stat. 1106.  
46 U. S. C., Supp. III, § 1161 (c).  
Reserve fund deposits, taxation.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the first sentence of section 511 (c) of the Merchant Marine Act, 1936, as amended, is amended to read as follows:

"(c) In the case of the sale or actual or constructive total loss of a vessel, if the taxpayer deposits an amount equal to the net proceeds of the sale or to the net indemnity with respect to the loss in a construction reserve fund established under subsection (b), then—

"(1) if the taxpayer so elects in his income-tax return for the taxable year in which the gain was realized, or

"(2) in case a vessel is purchased or requisitioned by the United States, or is lost, in any taxable year beginning after December 31, 1939, and prior to January 1, 1944, and the taxpayer receives payment for the vessel so purchased or requisitioned, or receives from the United States indemnity on account of such loss, subsequent to the end of such taxable year, if the taxpayer so elects prior to March 31, 1945, or prior to the expiration of sixty days after the receipt of the payment or indemnity, whichever is later, and in accordance with a form of election to be prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury,

no gain shall be recognized to the taxpayer in respect of such sale or indemnification in the computation of net income for the purposes of Federal income or excess-profits taxes. If an election is made under subdivision (2) and if computation or recomputation in accordance with this subsection is otherwise allowable but is prevented, on the date of making such election or within six months thereafter, by any statute of limitation, such computation or recomputation nevertheless shall be made notwithstanding such statute if a claim therefor is filed within six months after the date of making such election."

54 Stat. 1106.  
46 U. S. C. § 1161; Supp. III, § 1161.

SEC. 2. Section 511 of the Merchant Marine Act, 1936, as amended, is amended by adding at the end thereof a new subsection to read as follows:

Terms construed.

"(n) The terms 'contract for the construction' and 'construction contract', as used in this section, shall include, in the case of a taxpayer who constructs a new vessel in a shipyard owned by such tax-