

Public Law 355

CHAPTER 793

August 11, 1955
[H. R. 4581]

AN ACT

To amend the Internal Revenue Code of 1954 with respect to the tax on cutting oils.

IRC 1954 amend-
ments.
68A Stat. 483.
26 USC 4091.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 4091 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 4091. IMPOSITION OF TAX.

"There is hereby imposed upon the following articles sold in the United States by the manufacturer or producer a tax at the following rates, to be paid by the manufacturer or producer:

- "(1) cutting oils, 3 cents a gallon; and
"(2) other lubricating oils, 6 cents a gallon."

26 USC 4092.

(b) Section 4092 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 4092. DEFINITIONS.

26 USC 4093.

"(a) **CERTAIN VENDEES CONSIDERED AS MANUFACTURERS.**—For purposes of this subpart, a vendee who has purchased lubricating oils free of tax under section 4093 shall be considered the manufacturer or producer of such lubricating oils.

"(b) **CUTTING OILS.**—For purposes of this subpart, the term 'cutting oils' means oils sold for use in cutting and machining operation (including forging, drawing, rolling, shearing, punching, and stamping) on metals."

26 USC, prec.
4091.

(c) The table of sections to subpart B of part III of subchapter A of chapter 32 of the Internal Revenue Code of 1954 is amended by striking out "Definition of certain vendees as a manufacturer" and inserting in lieu thereof "Definitions".

26 USC 6416.

SEC. 2. Section 6416 (b) (2) of the Internal Revenue Code of 1954 is amended by striking the period at the end of subparagraph (H) and inserting in lieu thereof a semicolon, and by inserting after subparagraph (H) the following new subparagraph:

"(I) In the case of lubricating oils in respect of which tax was paid at the rate of 6 cents a gallon, used or resold for use on or after the effective date of this subparagraph as cutting oils (within the meaning of section 4092 (b)); except that the amount of such overpayment shall not exceed an amount computed at the rate of 3 cents a gallon."

Effective date.

SEC. 3. The amendments made by this Act shall take effect on the first day of the first calendar quarter which begins more than ten days after the date of the enactment of this Act.

Approved August 11, 1955.

Public Law 356

CHAPTER 794

August 11, 1955
[S. 1792]

AN ACT

To amend the Federal Employees' Group Life Insurance Act of 1954.

Government em-
ployees insurance.
68 Stat. 738.
5 USC 2094.
Use of insurance
fund.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 5 (c) of the Federal Employees' Group Life Insurance Act of 1954 is amended to read as follows:

"(c) The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created. Said fund is hereby

made available without fiscal year limitation for premium payments under any insurance policy or policies purchased as authorized in sections 7 and 10 of this Act, for the payment of any obligations under agreements assumed pursuant to section 10 of this Act, and for any expenses incurred by the Commission in the administration of this Act within such limitations as may be specified annually in appropriation acts: *Provided*, That appropriations available to the Commission for salaries and expenses for the fiscal year 1955 shall be available on a reimbursable basis for necessary administrative expenses of carrying out the purposes of this Act until said fund shall be sufficient to provide therefor. The income derived from any dividends or premium rate adjustments received from insurers shall constitute a part of said fund."

(b) Section 5 of said Act is amended by adding the following subsection at the end thereof:

"(d) The Secretary of the Treasury is authorized to invest and reinvest the moneys in the fund created by section 5 (c), or any part thereof, in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the fund."

SEC. 2. (a) Section 6 of said Act is amended to read as follows:

"SEC. 6. Each policy purchased under this Act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or twelve months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission, except that if upon such date as the insurance would otherwise cease the employee retires on an immediate annuity and (a) his retirement is for disability or (b) he has completed fifteen years of creditable service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him in the amounts for which he would have been insured from time to time had his salary payments continued at the same rate as on the date of cessation. Periods of honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required fifteen years provided the employee has completed at least five years of civilian service."

(b) The amendments made by subsection (a) shall be effective as of August 17, 1954.

SEC. 3. (a) The third proviso of section 7 (d) of said Act is hereby repealed.

(b) Section 7 (e) of said Act is amended to read as follows:

"(e) The companies eligible to participate as reinsurers, and the amount of insurance under the policy or policies to be allocated to each issuing company or reinsurer, may be redetermined by the Commission for and in advance of any policy year after the first, on a basis consistent with subsections (c) and (d) of this section, with any modifications thereof it deems appropriate to carry out the intent of such subsections, and based on each participating company's group life insurance in force in the United States on the most recent December 31 for which information is available to it, excluding that under any policy or policies purchased under this Act, and shall be so redetermined in a similar manner not less often than every three years or at any time that any participating company withdraws from participation: *Provided*, That if, upon any such redetermination, in the case

Investment of
fund.

Disability re-
tires.

Armed Forces
service.

Effective date.

5 USC 2096.
Repeal.

Reallocation of
reinsurance.

of any issuing company or reinsurer which insured employees of the Federal Government on December 31, 1953, under policies issued to an association of Federal employees, the amount which results from the application of the formula referred to in subsection (d) of this section is less than the total decrease, if any, since December 31, 1953, in the amount of such company's insurance under such policies, the amount allocated to such company shall be increased to the amount of such decrease: *Provided further*, That any increase in the amount allocated to such company by application of the preceding proviso shall be reduced by the amount or amounts of any policy or policies purchased from such company under the authorization of section 10 of this Act, and in force on the date of such redetermination."

5 USC 2099,

Retired employ-
ees insurance
agreements.

SEC. 4. Section 10 of said Act is amended to read as follows:

"SEC. 10. (a) The Commission is authorized to arrange with any nonprofit association of Federal or District of Columbia employees for the assumption by the fund created by section 5 (c) of all life insurance agreements, including all benefits contained therein, obtained or provided by such association for its members.

41 USC 5.

"(b) The Commission is authorized, without regard to other sections of this Act and without regard to section 3709 of the Revised Statutes as amended, to purchase from one or more life insurance companies, as determined by the Commission, a policy or policies of group life insurance to insure all or any portion of the life insurance agreements obtained or provided by an association for its members and assumed under this section: *Provided*, That any such company must be either (1) the company then insuring such members under a policy or policies issued to such association; or (2) a company which is an insurer or a reinsurer under section 7 of this Act. The Commission may at any time discontinue any policy or policies it has purchased from any insurance company.

"(c) Any association accepting such arrangement shall, in consideration therefor, pay over and transfer to the Commission (1) an amount equal to the actuarial value, as determined by the Commission, of the insurance obligations assumed by the fund created by section 5 (c), or (2) the total assets of the life insurance fund of such association, whichever is the lesser. Such payment and transfer shall be a premium for the purchase of the Government insurance arrangement, shall be deposited in the fund created by section 5 (c), and shall be accomplished in accordance with the procedures and conditions prescribed by the Commission, and in accordance with the requirements of applicable law.

"(d) The arrangements authorized by this section shall be made within six calendar months following the date of enactment of this amending Act, or such later date as the Commission may agree when there are extenuating circumstances, but not later than August 17, 1957, and such arrangements shall apply only to life insurance agreements existing on both the date of the approval of this amendment and on the date of the respective arrangement.

"(e) Any such arrangement shall provide that the continuation of the insurance coverage of such members shall be conditioned upon their payment to the fund created by section 5 (c), in such manner and under such conditions as the Commission may prescribe, of premium payments equal to the premiums or dues previously payable by them for such insurance coverage.

"(f) The members of such associations shall not by reason of any such arrangements be disqualified from any other insurance benefits provided by this Act if otherwise eligible therefor."

Approved August 11, 1955.