

is amended to read as follows: "For the period beginning September 1, 1954, and ending June 30, 1955, not to exceed \$50,000,000, and for the fiscal year ending June 30, 1956, not to exceed \$60,000,000, and for each of the two fiscal years in the period beginning July 1, 1956, and ending June 30, 1958, not to exceed \$75,000,000, of the funds of the Commodity Credit Corporation shall be used to increase the consumption of fluid milk by children in (1) nonprofit schools of high-school grade and under; and (2) such nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions as are devoted to the care and training of underprivileged children on a public welfare or charitable basis."

SEC. 2. Section 204 (e) of the Agricultural Act of 1954 is amended to read as follows: "As a means of stabilizing the dairy industry and further suppressing and eradicating brucellosis in cattle, the Secretary is authorized to transfer not to exceed \$17,000,000 for the fiscal year ending June 30, 1956, and \$20,000,000 for each of the fiscal years 1957 and 1958, from funds available to the Commodity Credit Corporation to the appropriation item "Plant and Animal Disease and Pest Control" in the Department of Agriculture Appropriation Act for such fiscal year for the purpose of accelerating the brucellosis eradication program, for the purpose of increasing to not to exceed \$50 per head of cattle the amount of the indemnities paid by the Federal Government for cattle destroyed because of brucellosis in connection with cooperative control and eradication programs for such disease in cattle entered into by the Secretary under the authority of the Act of May 29, 1884, as amended, for the purpose of increasing the number of such indemnities, and for the purpose of defraying any additional administrative expenses in connection therewith. There are hereby authorized to be appropriated such sums as may be necessary to reimburse the Commodity Credit Corporation for expenditures pursuant to this section."

SEC. 3. The first sentence of subsection (a) and the first sentence of subsection (b) of section 202 of the Agricultural Act of 1949, as amended, are amended by striking out "1956" and inserting in lieu thereof "1958".

Approved April 2, 1956.

Brucellosis.  
68 Stat. 900.  
7 USC 397.

23 Stat. 31.  
7 USC 391.

Veterans' hos-  
pitals, etc.  
68 Stat. 900.  
7 USC 1446a.

Public Law 466

CHAPTER 160

AN ACT

To amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

April 2, 1956  
[H. R. 8780]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. RELIEF FROM EXCISE TAX ON GASOLINE.

Subchapter B of chapter 65 of the Internal Revenue Code of 1954 (rules of special application for abate-ments, credits, and refunds) is amended by renumbering section 6420 as 6421 and by inserting after section 6419 the following new section:

Taxes.  
Gasoline and  
special fuels.

68A Stat. 794.  
26 USC 6411-  
6420.

"SEC. 6420. GASOLINE USED ON FARMS.

"(a) GASOLINE.—If gasoline is used on a farm for farming purposes, the Secretary or his delegate shall pay (without interest) to the ultimate purchaser of such gasoline the amount determined by multiplying—

"(1) the number of gallons so used, by

68A Stat. 483.  
26 USC 4081.

“(2) the rate of tax on gasoline under section 4081 which applied on the date he purchased such gasoline.

“(b) TIME FOR FILING CLAIM; PERIOD COVERED.—Not more than one claim may be filed under this section by any person with respect to gasoline used during the one-year period ending on June 30 of any year. No claim shall be allowed under this section with respect to any one-year period unless filed on or before September 30 of the year in which such one-year period ends.

“(c) MEANING OF TERMS.—For purposes of this section—

“(1) USE ON A FARM FOR FARMING PURPOSES.—Gasoline shall be treated as used on a farm for farming purposes only if used (A) in carrying on a trade or business, (B) on a farm situated in the United States, and (C) for farming purposes.

“(2) FARM.—The term ‘farm’ includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

“(3) FARMING PURPOSES.—Gasoline shall be treated as used for farming purposes only if used—

“(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife, on a farm of which he is the owner, tenant, or operator; except that if such use is by any person other than the owner, tenant, or operator of such farm, then (i) for purposes of this subparagraph, in applying subsection (a) to this subparagraph, and for purposes of section 6416 (b) (2) (C) (ii) (but not for purposes of section 4041), the owner, tenant, or operator of the farm on which gasoline or a liquid taxable under section 4041 is used shall be treated as the user and ultimate purchaser of such gasoline or liquid, and (ii) for purposes of applying section 6416 (b) (2) (C) (ii), any tax paid under section 4041 in respect of a liquid used on a farm for farming purposes (within the meaning of this subparagraph) shall be treated as having been paid by the owner, tenant, or operator of the farm on which such liquid is used;

“(B) by the owner, tenant, or operator of a farm, in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state; but only if such owner, tenant, or operator produced more than one-half of the commodity which he so treated during the period with respect to which claim is filed;

“(C) by the owner, tenant, or operator of a farm, in connection with—

“(i) the planting, cultivating, caring for, or cutting of trees, or

“(ii) the preparation (other than milling) of trees for market,

incidental to farming operations; or

“(D) by the owner, tenant, or operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment.

“(4) GASOLINE.—The term ‘gasoline’ has the meaning given to such term by section 4082 (b).

68A Stat. 798.  
26 USC 6416.

68A Stat. 478.  
26 USC 4041.

68A Stat. 483.  
26 USC 4082.

“(d) **EXEMPT SALES; OTHER PAYMENTS OR REFUNDS AVAILABLE.**—No amount shall be paid under this section with respect to any gasoline which the Secretary or his delegate determines was exempt from the tax imposed by section 4081. The amount which (but for this sentence) would be payable under this section with respect to any gasoline shall be reduced by any other amount which the Secretary or his delegate determines is payable under this section, or is refundable under any provision of this title, to any person with respect to such gasoline.

68A Stat. 483.  
26 USC 4081.

“(e) **APPLICABLE LAWS.**—

“(1) **IN GENERAL.**—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4081 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds of overpayments of the tax so imposed.

“(2) **EXAMINATION OF BOOKS AND WITNESSES.**—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

68A Stat. 901.  
26 USC 7502.

“(3) **FRACTIONAL PARTS OF A DOLLAR.**—Section 7504 (granting the Secretary discretion with respect to fractional parts of a dollar) shall not apply.

68A Stat. 896.  
26 USC 7504.

“(f) **REGULATIONS.**—The Secretary or his delegate may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

“(g) **EFFECTIVE DATE.**—This section shall apply only with respect to gasoline purchased after December 31, 1955.

“(h) **CROSS REFERENCES.**—

“(1) For exemption from tax in case of diesel fuel and special motor fuels used on a farm for farming purposes, see section 4041 (d).

“(2) For civil penalty for excessive claim under this section, see section 6675.

“(3) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures).”

## SEC. 2. RELIEF FROM TAXES ON DIESEL FUEL AND SPECIAL MOTOR FUELS.

(a) (1) Section 4041 of the Internal Revenue Code of 1954 (relating to excise taxes on diesel fuel and special motor fuels) is amended by adding at the end thereof the following new subsection:

68A Stat. 478.  
26 USC 4041.

“(d) **EXEMPTION FOR FARM USE.**—

“(1) **EXEMPTION.**—Under regulations prescribed by the Secretary or his delegate—

“(A) no tax shall be imposed under subsection (a) (1) or (b) (1) on the sale of any liquid sold for use on a farm for farming purposes, and

“(B) no tax shall be imposed under subsection (a) (2) or (b) (2) on the use of any liquid used on a farm for farming purposes.

“(2) **USE ON A FARM FOR FARMING PURPOSES.**—For purposes of paragraph (1) of this subsection, use on a farm for farming purposes shall be determined in accordance with paragraphs (1), (2), and (3) of section 6420 (c).”

(2) The amendment made by paragraph (1) shall take effect on the day after the date of the enactment of this Act.

Ante. p. 88.  
Effective date.

68A Stat. 798.  
26 USC 6416.

(b) (1) Section 6416 (b) (2) (C) of such Code (relating to credit or refund of overpayment of tax on special fuels) is amended to read as follows:

68A Stat. 478.  
26 USC 4041.

“(C) In the case of a liquid taxable under section 4041, sold for use as fuel in a diesel-powered highway vehicle or as fuel for the propulsion of a motor vehicle, motorboat, or airplane, if (i) the vendee used such liquid otherwise than as fuel in such a vehicle, motorboat, or airplane or resold such liquid, or (ii) such liquid was (within the meaning of paragraphs (1), (2), and (3) of section 6420 (c)) used on a farm for farming purposes;”.

Ante, p. 88.

Effective date.

(2) The amendment made by paragraph (1) shall apply with respect to liquid sold after December 31, 1955.

**SEC. 3. CIVIL PENALTY FOR EXCESSIVE CLAIMS FOR GASOLINE USED ON FARMS.**

68A Stat. 828.  
26 USC 6671-  
6674.

Subchapter B of chapter 68 of the Internal Revenue Code of 1954 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

**“SEC. 6675. EXCESSIVE CLAIMS FOR GASOLINE USED ON FARMS.**

Ante, p. 88.

“(a) **CIVIL PENALTY.**—In addition to any criminal penalty provided by law, if a claim is made under section 6420 (relating to gasoline used on farms) for an excessive amount, unless it is shown that the claim for such excessive amount is due to reasonable cause, the person making such claim shall be liable to a penalty in an amount equal to whichever of the following is the greater:

“(1) Two times the excessive amount; or

“(2) \$10.

“(b) **EXCESSIVE AMOUNT DEFINED.**—For purposes of this section, the term ‘excessive amount’ means in the case of any person the amount by which—

“(1) the amount claimed under section 6420 for any period, exceeds

“(2) the amount allowable under such section for such period.

“(c) **ASSESSMENT AND COLLECTION OF PENALTY.**—

“For assessment and collection of penalty provided by subsection (a), see section 6206.”

**SEC. 4. TECHNICAL AMENDMENTS.**

68A Stat. 483.  
26 USC 4081-  
4083.

(a) (1) Subpart A of part III of subchapter A of chapter 32 of the Internal Revenue Code of 1954 (relating to excise tax on gasoline) is amended by adding at the end thereof the following new section:

**“SEC. 4084. RELIEF OF FARMERS FROM TAX IN CASE OF GASOLINE USED ON THE FARM.**

“For provisions to relieve farmers from excise tax in the case of gasoline used on the farm for farming purposes, see section 6420.”

Ante, p. 87.

(2) The table of sections for such subpart A is amended by adding at the end thereof the following:

“Sec. 4084. Relief of farmers from tax in case of gasoline used on the farm.”

68A Stat. 769.  
26 USC 6201-  
6206.

(b) (1) Subchapter A of chapter 63 of such Code (relating to assessment) is amended by renumbering section 6206 as 6207 and by inserting after section 6205 the following new section:

**“SEC. 6206. SPECIAL RULES APPLICABLE TO EXCESSIVE CLAIMS UNDER SECTION 6420.**

Ante, p. 87.

“Any portion of a payment made under section 6420 which constitutes an excessive amount (as defined in section 6675 (b)), and

any civil penalty provided by section 6675, may be assessed and collected as if it were a tax imposed by section 4081 and as if the person who made the claim were liable for such tax. The period for assessing any such portion, and for assessing any such penalty, shall be 3 years from the last day prescribed for the filing of the claim under section 6420."

68A Stat. 483.  
26 USC 4081.

(2) The table of sections for such subchapter A is amended by striking out

"Sec. 6206. Cross references."

and inserting in lieu thereof

"Sec. 6206. Special rules applicable to excessive claims under section 6420.

"Sec. 6207. Cross references."

(c) The table of sections for subchapter B of chapter 65 of such Code is amended by striking out

68A Stat. 794.

"Sec. 6420. Cross references."

and inserting in lieu thereof the following:

"Sec. 6420. Gasoline used on farms.

"Sec. 6421. Cross references."

(d) Section 6504 of such Code (cross references for limitations on assessments) is amended by adding at the end thereof the following:

68A Stat. 807.  
26 USC 6504.

"(13) Assessments to recover excessive amounts paid under section 6420 (relating to gasoline used on farms) and assessments of civil penalties under section 6675 for excessive claims under section 6420, see section 6206."

(e) Section 6511 (f) of such Code (cross references for limitations on credit or refund) is amended by adding at the end thereof the following:

68A Stat. 808.  
26 USC 6511.

"(5) For limitations in case of payments under section 6420 (relating to gasoline used on farms), see section 6420 (b)."

(f) Section 6612 (c) of such Code (cross references for restrictions on interest) is amended by striking out "and" before "6419" and by inserting before the period at the end thereof the following: "and 6420 (relating to payments in the case of gasoline used on the farm for farming purposes)".

68A Stat. 820.  
26 USC 6612.

(g) The table of sections for subchapter B of chapter 68 of such Code is amended by adding at the end thereof the following:

68A Stat. 828.

"Sec. 6675. Excessive claims for gasoline used on farms."

(h) Section 7210 of such Code (relating to failure to obey summons) is amended by striking out "sections 7602," and inserting in lieu thereof "sections 6420 (e) (2), 7602,".

68A Stat. 854.  
26 USC 7210.

(i) Sections 7603 (relating to service of summons) and 7604 (relating to enforcement of summons) and the first sentence of section 7605 (relating to time and place of examination) of such Code are each amended by striking out "section 7602" wherever it appears and inserting in lieu thereof "section 6420 (e) (2) or 7602". The second sentence of section 7605 of such Code is amended by striking out "section 7602" and inserting in lieu thereof "section 7602, or under the corresponding authority of section 6420 (e) (2),".

68A Stat. 902.  
26 USC 7603-  
7605.

Approved April 2, 1956.