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INCORPORATING THE VIRGIN ISLANDS CORPORATION

MAY 26 (legislative day, MAY 20), 1948.—Ordered to be printed

Mr. BUTLER, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. 1183]

The Senate Committee on Interior and Insular Affairs, to whom was referred the bill (S. 1183) to incorporate the Virgin Islands Corporation, and for other purposes, having considered the same, report favorably thereon with amendments in the nature of a substitute, and with the recommendation that the bill, as amended, do pass.

The purpose of the bill, as amended, is to extend the life and operations of the Virgin Islands Company with its present authority to continue for 1 year. This action is necessary at this time in view of section 304 (b) of the Government Corporations Control Act of 1945 which states;

> No wholly owned Government corporation . . . shall continue after June 30, 1948, as an agency or instrumentality of the United States, and no funds of, or obtaining from the United States or agency thereof, including corporations, shall be invested in or employed by any such corporation after that date except for purposes of liquidation.

The Virgin Islands Company is a Government corporation within the meaning of this act.

The committee agreed that if the charter of the Virgin Islands Company should expire on June 30, it would result in the complete collapse of the economy of the island of St. Croix, where a large segment of the population is dependent either directly or indirectly upon the activities of the Virgin Islands Company. Furthermore, thousands of dollars of equipment owned by or under control of the Virgin Islands Company would fall into disuse and deterioration. In the event that the Company were later incorporated, it would be a loss of a great deal of money as well as a tremendous blow to the local economy. It was agreed, therefore, that since there is little likelihood that sufficient study at this time could be devoted to the long-range program, it would be wise to extend the activities of the Virgin

Islands Company for a period of 1 year and that between now and June 30, 1949, the longer range program could be considered.

S. 1183 was originally introduced by Senator Butler, by request, to incorporate the Virgin Islands Corporation on a basis which in some ways is comparable with the currently proposed long-range program. It is suggested that this bill be amended according to the committee print to strike out all after the enacting clause and provide for the extension of the life of the Virgin Islands Company for a period of 1 year. The committee agreed that the Company, which is in bad financial condition, should be permitted to borrow from the Treasury up to $950,000. This loan would carry an interest rate of approximately 2 percent. During past years, the Company has been borrowing private capital, using rum and sugar as security. When all outstanding loans have been liquidated, the Company will be solvent to the extent of about $16,000, enough to carry on activities for 2 weeks. Last year, the Company borrowed $250,000 from the Treasury.

S. 1183, as originally drafted provides for the corporate reorganization of the Virgin Islands Company, together with a greatly expanded field of activity. Recently, the Division of Territories, Department of the Interior, submitted a new proposed program for the Virgin Islands Company which would provide for further diversification and expansion of the Company's field of operation. The Committee on Interior and Insular Affairs is not prepared to act on these programs until they can be thoroughly studied and their feasibility carefully analyzed. Meanwhile, since the operation of the Virgin Islands Company is essential to the economy of the island of St. Croix, Virgin Islands, the committee feels that the Company should continue on its present basis.

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