properties, including the payment of expenses incidental to the location, examination, and survey of such lands and the acquisition of title thereto; but no payment shall be made for any such lands until the title thereto shall be satisfactory to the Attorney General: *Provided*, That the acquisition of such lands or interests therein by the United States shall in no case be defeated because of rights-of-ways, easements, exceptions, and reservations which, in the opinion of the Secretary of the Interior, will not interfere materially with the use of such properties for the purposes of this Act.

Appropriation.

SEC. 3. There is hereby authorized to be appropriated from time to time out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to effectuate the purposes of this Act. The Secretary shall not utilize more than $35,000 from appropriated funds for the acquisition of land and interests in land. For the purposes of the immediately preceding sentence, the exchange by the Secretary of lands and interests therein shall not be considered an expenditure from appropriated funds.

Approved August 22, 1957.

Public Law 85-165

AN ACT

August 26, 1957
[H. R. 232]

To amend the Internal Revenue Code of 1954 with respect to the readjustment of tax in the case of certain amounts received for breach of contract, and to restrict the issuance of certificates for rapid amortization of emergency facilities.

Internal Revenue Code of 1954, amendments.
68A Stat. 336; 69 Stat. 688.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part I of subchapter Q of chapter 1 of the Internal Revenue Code of 1954 (relating to income attributable to several taxable years) is amended by redesignating section 1305 as section 1306 and by inserting after section 1304 the following new section:

"SEC. 1305. BREACH OF CONTRACT DAMAGES.

"(a) GENERAL RULE.—If an amount representing damages is received or accrued by a taxpayer during a taxable year as a result of an award in a civil action for breach of contract or breach of a fiduciary duty or relationship, then the tax attributable to the inclusion in gross income for the taxable year of that part of such amount which would have been received or accrued by the taxpayer in a prior taxable year or years but for the breach of contract, or breach of a fiduciary duty or relationship, shall not be greater than the aggregate of the increases in taxes which would have resulted had such part been included in gross income for such prior taxable year or years.

"(b) CREDITS AND DEDUCTIONS ALLOWED IN COMPUTATION OF TAX.—The taxpayer in computing said tax shall be entitled to deduct all credits and deductions for depletion, depreciation, and other items to which he would have been entitled, had such income been received or accrued by the taxpayer in the year during which he would have received or accrued it, except for such breach of contract or for such breach of a fiduciary duty or relationship. The credits, deductions, or other items referred to in the prior sentence, attributable to property, shall be allowed only with respect to that part of the award which represents the taxpayer's share of income from the actual operation of such property.

"(c) LIMITATION.—Subsection (a) shall not apply unless the amount representing damages is $3,000 or more."

SEC. 2. The table of sections for such part I is amended by striking out

"Sec. 1305. Rules applicable to this part".

and by inserting in lieu thereof

"Sec. 1305. Breach of contract damages.
"Sec. 1306. Rules applicable to this part."

Effective date.

SEC. 3. The amendments made by the first section and section 2 of this Act shall apply to taxable years ending after December 31, 1954, but only as to amounts received or accrued after such date as the result of awards made after such date.

68A Stat. 52.

SEC. 4. Section 168 of the Internal Revenue Code of 1954 (relating to amortization of emergency facilities) is amended—

68A Stat. 54.

(a) by striking out "There" in subsection (e) (1) and inserting in lieu thereof the following: "CERTIFICATIONS ON OR BEFORE AUGUST 22, 1957.—In the case of a certificate made on or before August 22, 1957, there";

68A Stat. 54.

(b) by striking out subsection (e) (2) and inserting in lieu thereof the following:

"(2) CERTIFICATIONS AFTER AUGUST 22, 1957.—In the case of a certificate made after August 22, 1957, there shall be included only so much of the amount of the adjusted basis of such facility (computed without regard to this section) as is properly attributable to such construction, reconstruction, erection, installation, or acquisition after December 31, 1949, as the certifying authority designated by the President by Executive order, has certified is to be used—

"(A) to produce new or specialized defense items or components of new or specialized defense items (as defined in paragraph (4)) during the emergency period, or

"(B) to provide research, developmental, or experimental services during the emergency period for the Department of Defense (or one of the component departments of such Department), or for the Atomic Energy Commission, as a part of the national defense program,

and only such portion of such amount as such authority has certified is attributable to the national defense program. Such certification shall be under such regulations as may be prescribed from time to time by such certifying authority with the approval of the President. An application for a certificate must be filed at such time and in such manner as may be prescribed by such certifying authority under such regulations but in no event shall such certificate have any effect unless an application therefor is filed before the expiration of 6 months after the beginning of such construction, reconstruction, erection, or installation or the date of such acquisition. For purposes of the preceding sentence, an application which was timely filed under this subsection on or before August 22, 1957, and which was pending on such date, shall be considered to be an application timely filed under this paragraph.

"(3) SEPARATE FACILITIES; SPECIAL RULE.—After the completion or acquisition of any emergency facility with respect to which a certificate under paragraph (1) or (2) has been made, any expenditure (attributable to such facility and to the period after such completion or acquisition) which does not represent construction, reconstruction, erection, installation, or acquisition included in such certificate, but with respect to which a separate certificate is made under paragraph (1) or (2), shall not be applied in adjustment of the basis of such facility, but a separate basis shall be computed therefor pursuant to paragraph (1) or

(2), as the case may be, as if it were a new and separate emergency facility.

"(4) DEFINITIONS.—For purposes of paragraph (2)—

"(A) NEW OR SPECIALIZED DEFENSE ITEM.—The term 'new or specialized defense item' means only an item (excluding services)—

"(i) which is produced, or will be produced, for sale to the Department of Defense (or one of the component departments of such Department), or to the Atomic Energy Commission, for use in the national defense program, and

"(ii) for the production of which existing productive facilities are unsuitable because of its newness or of its specialized defense features.

"(B) COMPONENT OF NEW OR SPECIALIZED DEFENSE ITEM.—The term 'component of a new or specialized defense item' means only an item—

"(i) which is, or will become, a physical part of a new or specialized defense item, and

"(ii) for the production of which existing productive facilities are unsuitable because of its newness or of its specialized defense features."; and

(c) by redesignating subsection (i) as (j), and by inserting after subsection (h) the following new subsection:

"(i) TERMINATION.—No certificate under subsection (e) shall be made with respect to any emergency facility after December 31, 1959."

Approved August 26, 1957.

Public Law 85-166

AN ACT

August 26, 1957
[H. R. 4520]

To amend section 401 (e) of the Civil Aeronautics Act of 1938 in order to authorize permanent certification for certain air carriers operating between the United States and Alaska.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 401 (e) of the Civil Aeronautics Act of 1938, as amended (49 U. S. C. 481 (e)), is amended by adding at the end thereof the following:

Civil Aeronautics Act of 1938, amendment.
70 Stat. 591.

"(5) If any applicant who makes application for a certificate within one hundred and twenty days after the date of enactment of this paragraph shall show that, from January 1, 1957, until the effective date of this paragraph, it, or its predecessor in interest, was an air carrier furnishing service between points in the United States and points in the Territory of Alaska (including service to intermediate points in Canadian territory) authorized by certificate or certificates of public convenience and necessity issued by the Civil Aeronautics Board to render such service between such points, and that any portion of such service between any points or for any class of traffic was performed pursuant to a temporary certificate or certificates of public convenience and necessity issued by the Civil Aeronautics Board, the Board, upon proof of such fact only, shall, unless the service rendered by such applicant during such period was inadequate and inefficient, issue a certificate or certificates of unlimited duration, authorizing such applicant to engage in air transportation with respect to persons, property and mail between the terminal and intermediate points between which it or its predecessor was temporarily authorized to operate by such certificate or certificates as of the date of enactment of this paragraph."

Alaska.
Air carriers.

Approved August 26, 1957.