

The original documents are located in Box 11, folder “Tax Exempt Status of Private Educational Institutions” of the Richard B. Cheney Files at the Gerald R. Ford Presidential Library.

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THE WHITE HOUSE
WASHINGTON

September 11, 1975

MEMORANDUM FOR THE PRESIDENT

THROUGH: DONALD RUMSFELD or
RICHARD CHENEY

FROM: ROBERT GOLDWIN *RG*

The Internal Revenue Service has an extensive program of regulation to assure that all private schools follow non-discriminatory policies. This program seems to be little known or noticed, but potentially in size, scope, and impact it could exceed by far the "affirmative action" programs of the Departments of Labor and HEW.

The materials attached, prepared in my office under my supervision, describe this program to regulate private schools, colleges, and universities. Several features of this program are especially noteworthy:

- 1) The reach of this program is far greater than that of "affirmative action" because it applies to all private schools, whether they are federal contractors or not. Any school that applies for or holds tax-exempt status falls under these IRS regulations. Since it is just about impossible for a private school to exist without tax exemption, and without tax deductibility for gifts made to the school, these regulations bring all private schools under government supervision, as if they were public institutions.
- 2) There seems to be no legislative basis whatsoever for this regulation of private schools. There is a tenuous judicial basis, but it was thin to begin with and it has been stretched.

3) The burdens placed on the institutions are incredibly heavy. For example, a prestige college may receive 20 applications for each freshman opening; if they accept 500 freshmen, they must place 10,000 dossiers on file each year, and keep them for three years. And they must attach an explanation of why each applicant was rejected, although the only honest answer in most cases is simply that there was no more room.

4) The fact that each "rejection" may be scrutinized means that schools will tend to make decisions on the basis of impersonal, numerical criteria, to lessen the chance that they will be accused of discrimination. This will reduce the inclination to look for the unusually innovative applicant with a spotty record, and will tend to lead to the kind of "mass education" the President has been warning against in recent speeches.

5) This regulation applies only to schools, but since it begins by defining "charitable" institutions, there is no reason why the same reasoning will not lead to regulation of churches, for example. Churches, museums, and "charitable" voluntary organizations of every variety depend on tax exemption for their existence. The danger is that the reasoning of these regulations could be used to weaken or even eliminate the distinction of public and private and bring every organized activity in America under government regulation.

6) The District Court in Green v. Connally asserted that "tax exemptions and deductions certainly constitute a Federal Government benefit and support." (A fuller statement is quoted in the materials attached.) This assertion is the starting point for the IRS regulations.

It may seem far-fetched, and it may be unwitting on the part of IRS, but the underlying assumption seems to be that all property and income really belong to the Government. Any property or income that the Government allows persons or institutions to retain are thus "gifts" from the Government to the recipient, comparable to Government grants.

But the fundamental economic principle of our society and its political liberties has always been private property. Our starting point has always been that goods and income are the property of individuals and organizations, by right, and they can be taxed only by the consent of the taxpayer, expressed in constitutional institutions by elected representatives.

7) If I am not mistaken, the activities of the Exempt Organizations Division of the IRS have grown rapidly in recent years. They now exercise extensive control over schools, foundations, and many other kinds of organizations, through regulation and requirements for record-keeping. The regulations published in tentative form in the Federal Register on February 18, 1975, had not been made final as of August 25, but they may be close to official promulgation. I urge that this matter be looked into without delay.

THE WHITE HOUSE

WASHINGTON

September 10, 1975

MEMORANDUM TO: ROBERT GOLDWIN
FROM: KIRK EMMERT *KE*
SUBJECT: IRS and the Tax Exempt Status of Private
Educational Institutions.

1. The Internal Revenue Code (1954)

Section 501 of the Internal Revenue Code (1954) is the statutory basis for granting tax exempt status to private educational institutions and other charitable groups. Section 170 of the Code provides that individuals can deduct contributions to tax exempt organizations from their total taxable income. The IRS determines whether an institution shall be granted tax exempt status.

2. IRS Ruling on Discrimination (1970)

In May 1969 Negro plaintiffs in Mississippi brought suit to enjoin the Commissioner of Internal Revenue from granting tax exempt status to private schools in Mississippi which excluded Negroes on the basis of race. In June 1970 the district court ordered the Commissioner to suspend assurances of tax exempt status to these Mississippi schools until the IRS had determined whether the schools operated on a segregated basis. In the midst of this litigation, the IRS announced on July 10, 1970 that it could "no longer legally justify allowing tax-exempt status to private schools which practice racial discrimination nor can it treat gifts to such schools as charitable deductions for income tax purposes." The IRS found that a school which discriminates is not "charitable" within the common law meaning of the term found in section 501 of the Internal Revenue Code (1954):

All charitable trusts, educational or otherwise, are subject to the requirement that the purpose of the trust may not be illegal or contrary to public policy...Although the operation of private schools on a discriminatory basis is not

prohibited by Federal statutory law, the policy of the United States is to discourage discrimination in such schools...Developments of recent years reflect a Federal policy against racial discrimination which extends to racial discrimination in education.... Therefore a school not having a racially nondiscriminatory policy as to students is not "charitable" within the common law concepts reflected in sections 170 and 501 of the Code...(Rev. Rul. 71-447)

3. Green v. Connally (1971)

This is the case brought by the Negro plaintiffs in Mississippi. The District Court of the District of Columbia held that the Internal Revenue Code (1954) does not provide a tax exemption for, or a deduction for a contribution to, any educational institution unless it is operated on a nondiscriminatory basis. The Court in effect upheld the IRS ruling of the previous year, but rather than relying on the common law to explain the key provisions of the Code, it rested its holding on established principles for interpreting Congressional intent, e.g., "the general and well-established principle that the Congressional intent in providing tax deductions and exemptions is not construed to be applicable to activities that are either illegal or contrary to public policy." Although the Court found it unnecessary to reach the constitutional question, it did observe that

the federal government could not under the Constitution give direct financial aid to schools practicing racial discrimination. But tax exemptions and deductions certainly constitute a Federal Government benefit and support. While that support is indirect, and is in the nature of a matching grant rather than an unconditional grant, it would be difficult indeed to establish that such support can be provided consistently with the Constitution. (p. 152).

The Court observed that the freedom of a private institution from governmental intervention "is not to be equated with a right of support."

The Court also extended the IRS ruling of 1970 by requiring that no private school in Mississippi be granted tax-exempt status until it had

- 1) effectively brought to the attention of "persons of student age...who are of minority groups, including all non-whites" that the school is nondiscriminatory;
- 2) Supplied the IRS with information regarding the racial composition of its student body, applicants, faculty, and

scholarship recipients;

- 3) provided a list of its officers, incorporators and donors and stated whether any of them are members of groups whose objective is to maintain segregated schools.

The Court added that these requirements "do not establish substantive criteria but are information requirements, to assure that the Service will have salient information at hand before it makes a certification or gives an assurance of exemption or deductibility." The Court also noted that these requirements are being applied to Mississippi because of its history of a state-established dual school system and because of the circumstances surrounding the growth of private schools in Mississippi. Any other state having private schools which grew up under similar conditions would be subject to similar requirements.

4. New IRS Proposal

On February 15, 1975 the IRS published a new set of proposed procedures designed to implement its 1970 ruling (Rev. Rul. 71-447). These procedures have not yet been formally adopted, although rulings are now being made according to their provisions (See attached Revenue Procedures).

The IRS states that new procedures are required because "experience has shown a need for more specific guidelines to insure a uniform approach to the determination whether a private school has a racially nondiscriminatory policy as to students." According to the new procedures a school "must show affirmatively both that it has adopted a racial nondiscriminatory policy as to students that is made known to the general public and that it has operated continuously in accordance with such" a policy. There are a number of specific requirements:

- 1) a school may use a variety of means but it must publicize annually its racially nondiscriminatory policy in such a way as to make "the policy known to all racial segments of the general community served by the school" (For more details see the middle column of p. 2);
- 2) a "school must be able to show that none of its facilities and programs permit or encourage racial discrimination...";
- 3) the existence of a nondiscriminatory policy with regard to scholarships must be publicized in the community served by the school;
- 4) schools applying initially for tax-exempt status must supply the following information: racial composition of student body, applicants for admission, faculty, staff and scholarship recipients; a list of founders, board members and major donors and a statement whether any are committed to maintaining segregated education;

5) each exempt private school must maintain for a minimum of three years the following information and records for the use of IRS:

- a) "all applications for general admission. Any rejected applications must be annotated to show the reasons for rejection";
- b) all requests for scholarships, a "list of amounts awarded or the reasons for rejection...", and all related correspondence;
- c) "all applications for employment. Any rejected applications must be annotated to show the reasons for rejection";
- d) copies of all material used to solicit contributions and all catalogues, brochures, etc.;
- e) "failure to maintain or to produce the required records and information will warrant the presumption that the organization has failed to comply with the guideline. Such presumption may be rebutted only by clear and convincing evidence to the contrary."

5. Comment on Proposed Procedures

The IRS has moved far beyond the *Green v. Connally* position by a) requiring extensive record-keeping and b) requiring of every private school in the country what the Court in *Green* said should be required only of private schools with a history similar to the white academies in Mississippi. The IRS presents no convincing evidence for the need for such an expansion in either the scope of its requirements or in the kinds of schools which must conform to the requirements.

Several of the record-keeping requirements are unreasonable and demonstrate an ignorance of the way in which college admissions and faculty hiring are in fact handled.

It remains unclear just what the IRS is going to do with all this information or what its standard is for determining the existence of discrimination. While there is no mention here of goals or quotas, these requirements obviously make the imposition of quotas easier and more likely. At the very least, it is clear that the burden of proof of nondiscrimination rests with the private schools. It seems reasonable to conclude that any school with very few or no minority students will be expected to make such a proof even if there is no specific evidence it has discriminated.

NOTICES

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF STATE

[Public Notice CM-5/14]

SHIPPING COORDINATING COMMITTEE Meeting

A meeting of the Shipping Coordinating Committee will be held at 9:30 a.m. on Tuesday, March 11, 1975, in Room 6200, Coast Guard Headquarters, 400 Seventh Street SW., Washington, D.C. The meeting will be open to the public.

The Committee will discuss United States positions for the Thirty-second Session of the Intergovernmental Maritime Consultative Organization (IMCO) Maritime Safety Committee, scheduled to meet in London, March 17-21, 1975.

Persons wishing to attend the meeting should contact Mr. Samuel V. Smith, Acting Executive Secretary, Shipping Coordinating Committee, Department of State, Washington, D.C. 20520, telephone (area code 202) 632-2655.

Dated: February 5, 1975.

RICHARD K. BANK,
Chairman,

Shipping Coordinating Committee.

[FR Doc.75-4270 Filed 2-14-75; 8:45 am]

[Public Notice M-5/15]

STUDY GROUP 7 OF THE U.S. NATIONAL COMMITTEE FOR THE INTERNATIONAL RADIO CONSULTATIVE COMMITTEE (CCIR)

Meeting

The Department of State announces that Study Group 7 of the U.S. National Committee for the International Radio Consultative Committee (CCIR) will meet on March 13, 1975, at the U.S. Naval Observatory, 34th Street and Massachusetts Avenue NW., Washington, D.C. The meeting will begin at 9:30 a.m. in Room 300 of Building 52.

Study Group 7 deals with time-signal services by means of radiocommunications. The purposes of the meeting will be:

- Review of work programs looking to the international meeting of Study Group 7 in 1976;
- Assignment of responsibilities;
- Establishment of deadlines for submission of documents to the National Committee; and
- Consideration of inputs to the Interdepartmental Radio Advisory Committee in preparation for the 1979 World Administrative Radio Conference.

Members of the general public will be admitted up to the limits of the capacity of the meeting room. Members of the general public who plan to attend the

meeting are requested to so inform Mr. Hugh Fosque, Chairman of U.S. Study Group 7, prior to March 13. Mr. Fosque can be contacted at NASA Headquarters, telephone number (202) 755-2434.

Dated: February 7, 1975.

GORDON L. HUFFCUTT,

U.S. CCIR Nat

[FR Doc.75-4271 Filed

[Public Notice

ADVISORY COMMITTEE INTERNATIONAL Study Group

A meeting of the Recognition and Foreign Judgments, a secretary of State's Advisory Private International Law School, California. The meeting, 10 a.m., will be open

The primary purpose is to study the question and enforcement of bilateral treaties the plans to negotiate or Members of the public attend the meeting to the limits of the meeting room.

Dated: February 10, 1975.

ROBERT E. DALTON,
Executive Director.

[FR Doc.75-4272 Filed 2-14-75; 8:45 am]

DEPARTMENT OF THE TREASURY

Comptroller of the Currency

[Delegation Order No. 16]

FIRST DEPUTY COMPTROLLER OF THE CURRENCY ET AL

Order of Succession To Act as Comptroller

By virtue of the authority vested in me by Treasury Department Order No. 129 (Rev. No. 2) dated April 22, 1955, it is hereby ordered as follows:

- The following officers in the Bureau of Comptroller of the Currency, in the order of succession enumerated, shall act as Comptroller of the Currency during the absence or disability of the Comptroller of the Currency or when there is a vacancy in such office:

(1) Justin T. Watson, First Deputy Comptroller of the Currency.

(2) Thomas G. DeShazo, Deputy Comptroller of the Currency.

(3) David G. Motter, Deputy Comptroller of the Currency.

(4) Robert A. Mullin, Deputy Comptroller of the Currency.

(5) Robert Bloom, Chief Counsel.

(6) Dean E. Miller, Deputy Comptroller of

THE WHITE HOUSE

WASHINGTON

NOTE:

8/25/75

The proposed revenue procedure published here has not yet been officially promulgated. Replies to the proposal have been received and revision of this procedure is underway. Rulings on individual cases are being made, however, based in general on the guidelines indicated in this procedure; this happens when a school asks for tax-exempt status, or when IRS receives complaints about discrimination at a currently tax-exempt school.

Internal Revenue Service

PRIVATE SCHOOLS

Proposed Revenue Procedure

Notice is hereby given that the Internal Revenue Service proposes to issue the revenue procedure set forth in tentative form below. Prior to the final adoption of such revenue procedure, consideration will be given to any comments pertaining thereto which are submitted in writing (preferably six copies) to the Commissioner of Internal Revenue, Attention: Director, Exempt Organizations Division, 1111 Constitution Avenue, Washington, D.C. 20224, by March 21, 1975. Designations of material as confidential or not to be disclosed, contained in such comments, will not be accepted. Thus, a person submitting written comments should not include therein material that he considers to be confidential or inappropriate for disclosure to the public. It will be presumed by the Internal Revenue Service that every written comment submitted to it in response to this notice is intended by the person submitting it to be

subject in its entirety to public inspection and copying in accordance with the same procedures as are prescribed in 26 CFR 601.702(d) (9) for public inspection and copying of written comments received in response to a notice of proposed rulemaking.

DONALD C. ALEXANDER,
Commissioner of
Internal Revenue.

REVENUE PROCEDURE

SECTION 1. Purpose. This Revenue Procedure sets forth guidelines and record-keeping requirements for determining whether private schools that are applying for recognition of exemption under sections 501(a) and 501(c)(3) of the Internal Revenue Code of 1954, or are presently exempt from tax, have racially nondiscriminatory policies as to students.

Sec. 2. Background .01 Definition. A school that does not have a racially nondiscriminatory policy as to students does not qualify as an organization exempt from Federal income tax. See Rev. Rul. 71-447, 1971-2 C.B. 230, which defines a racially nondiscriminatory policy as meaning that:

the school admits the students of any race to all the rights, privileges, programs, and activities generally accorded or made available to students at that school and that the school does not discriminate on the basis of race in administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other school-administered programs.

.02 Organization and operation. A school must show affirmatively both that it has adopted a racially nondiscriminatory policy as to students that is made known to the general public and that it has operated continuously in accordance with such racially nondiscriminatory policy. The existence of a racially discriminatory policy with respect to faculty and administrative staff is evidence of a racially discriminatory policy as to students.

.03 Necessity for specific guidelines. Service experience with private school operations has shown a need for more specific guidelines to insure a uniform approach to the determination whether a private school has a racially nondiscriminatory policy as to students.

Sec. 3. Guidelines .01 Organizational requirements. A school must establish that it has a racially nondiscriminatory policy as to students by providing in its charter, bylaws, resolution of its governing body, or other governing instrument that it will not discriminate against applicants and students on the basis of race.

.02 Publication requirements. The school may use any method to publicize initially its racially nondiscriminatory policy so long as it effectively accomplishes the end of making the policy known to all racial segments of the general community served by the school. A school cannot limit the scope of its promotional activities to a specific geographical area if such a limitation precludes any racial segment of the general community in which the school is located

from being made aware of the availability of the school. Following are examples of methods that the Service will consider as meeting this requirement.

1. Where the student body is drawn substantially from a single locality, the school may publish a notice of its racially nondiscriminatory policy in a newspaper of general circulation that serves all racial segments of the locality. Where no single newspaper of general circulation serves all racial segments, the school may publish its notice in those newspapers that are reasonably likely to be read by all racial segments in the locality. In the case of a school whose student body is not drawn substantially from a single locality, the school may publish the notices of its racially nondiscriminatory policy in a newspaper or other publication reasonably likely to reach the localities served and be read by all races. The notice may be either an advertisement or an article, but it must appear in a prominent position, be sufficiently large, and be captioned in such a way as to call attention to both the notice and to its nature as a notice of a racially nondiscriminatory policy as to students.

2. If a school customarily draws a substantial percentage of its students nationwide or from a large geographic section or sections of the United States, and is able to show from consistent past practice that it follows a racially nondiscriminatory policy as to students, the publication requirement may be satisfied by including a reference to its nondiscriminatory policy in whatever means of publicity it customarily utilizes. See also section 3.03 for required statement in school brochures and catalogues.

3. The school may use the broadcast media to publicize its racially nondiscriminatory policy if the use makes such nondiscriminatory policy known to all segments of the general community the school serves. If this method is chosen, the school must provide documentation that the policy has been fully and effectively communicated to all segments of the general community. In this case, appropriate documentation would include copies of the tapes or script used and records showing that there was an adequate number of announcements, that they were made during hours when the announcements were most likely to be communicated to all segments of the general community, that they were of sufficient duration to convey the message clearly, and that they were broadcast on radio and/or television stations likely to be listened to by substantial numbers of members of all racial minorities in the general community.

4. The school may advise leaders of racial minorities of the nondiscriminatory policy so that they in turn will make this policy known to other members of their race. If this method is used, the school must provide documentation that its racially nondiscriminatory policy has been fully and effectively communicated by the minority leaders to their groups. Adequate evidence of this would be state-

ments signed by the minority group leaders.

.03 Annual notification and certification. In order to assure an appropriate degree of continuing publicity in every instance, each private school must publicize its policy in accordance with section 3.02 at least once annually, during the period of the school's solicitation for students, or in the absence of a solicitation program, during the school's registration period. Further, each school must also include a clear reference to its racially nondiscriminatory policy in all its brochures, catalogues, and other printed advertising which it uses as a means of informing prospective students of its programs.

All schools that claim to be racially nondiscriminatory as to students must also certify annually, on an Internal Revenue Service form to be issued, that they have not made statements and have not taken any actions qualifying or negating their published statements of a racially nondiscriminatory policy as to students.

.04 Facilities and programs. A school must be able to show that none of its facilities and programs permit or encourage racial discrimination. In this regard, a school cannot operate classrooms, cafeterias, or extra-curricular activities in a racially discriminatory manner.

.05 Scholarship and loan programs. As a general rule, all scholarships or other comparable benefits procurable for use at any given school must be offered on equal terms to the members of all races. Their availability on this basis must be known throughout the general community being served by the school in order for that school to be considered racially nondiscriminatory as to students and should be referred to in the publicity required by this section. No scholarship, loan or other financial assistance program may favor one racial group at a particular school without adversely affecting its exempt status unless the cumulative effect of all of the financial assistance programs does not significantly derogate from its racially nondiscriminatory policies.

.06 Failure to comply with guidelines. Failure to comply with the guidelines will ordinarily result in the termination of the exempt status of the school.

Sec. 4. Applications for tax-exempt status. Every school filing an initial application for recognition of a tax-exempt status must supply the Service with the following information.

1. Racial composition, as of the pending academic year, and projected so far as may be feasible for the subsequent academic year, of—

- (a) Student body,
- (b) Applicants for admission,
- (c) Faculty and administrative staff.

2. Amount of scholarship and loan funds, if any, awarded to students enrolled or seeking admission, and racial composition of students who have received such awards.

3. (a) A listing of (i) incorporators, founders, and board members; (ii) donors of land or buildings, whether individuals or organizations, and

(b) A statement as to whether any of the foregoing organizations are committed to or have as a primary objective the maintenance of segregated school education, and whether any of the foregoing individuals have an announced identification as officers or active members of any such organization.

Sec. 5. *Public complaints of racial discrimination.* Whenever a citizen has evidence that an exempt private school is not operating under a racially nondiscriminatory policy as to students, any communication he may initiate should be sent either to his local District Director of the Internal Revenue or to the Director, Exempt Organizations Division, 1111 Constitution Avenue, Washington, D.C. 20224. Similarly, any judicial or administrative determination that a school does not follow a racially nondiscriminatory policy should be communicated to the District Director or the Director, Exempt Organizations Division, for appropriate investigation.

Sec. 6. *Recordkeeping requirements.* .01 Specific records. Each exempt private school must maintain, for a minimum period of three years, the following records and information for the use of the Internal Revenue Service:

1. All applications for general admission. Any rejected applications must be annotated to show the reasons for rejection.

2. All requests for scholarships or other forms of financial aid, and a list of the amounts awarded or the reasons for rejection, together with copies of all correspondence concerning comparable requests to other parties insofar as the school has at any time been a party to such correspondence.

3. All applications for employment. Any rejected applications must be annotated to show the reasons for rejection.

4. Copies of all catalogues, brochures, announcements, and other printed advertising.

5. Copies of all materials used to solicit contributions, and all contributions received.

.02 *Failure to maintain records.* Failure to maintain or to produce the required records and information will warrant the presumption that the organization has failed to comply with the guidelines. Such presumption may be rebutted only by clear and convincing evidence to the contrary.

Sec. 7. *Effect on other documents.* Rev. Proc. 72-54, 1972-2 C.B. 834, is superseded.

[FR Doc.75-4391 Filed 2-14-75; 8:45 am]

Customs Service

[T.D. 75-49]

FOREIGN CURRENCIES

Certification of Rates

February 5, 1975.

The Federal Reserve Bank of New York, pursuant to section 522(c), Tariff

Act of 1930, as amended (31 U.S.C. 372 (c)), has certified the following rates of exchange which varied by 5 percent or more from the quarterly rate published in Treasury Decision 75-24 for the following countries. Therefore, as to entries covering merchandise exported on the dates listed, whenever it is necessary for Customs purposes to convert such currency into currency of the United States, conversion shall be at the following daily rates:

Austria schilling: January 28, 1975...	\$0.0612
Germany deutsche mark: January 27, 1975.....	.4345
Norway krone: January 27, 1975.....	.2015
Switzerland franc: January 27, 1975.....	.4145

[SEAL]

R. N. MARRA,

Director,

Duty Assessment Division.

[FR Doc.75-4278 Filed 2-14-75; 8:45 am]

NON-RUBBER FOOTWEAR FROM ARGENTINA

Preliminary Countervailing Duty Determination

In the FEDERAL REGISTER of July 16, 1974 (38 FR 26046), there was published a "Notice of Countervailing Duty Proceedings" in which the Commissioner of Customs announced that information had been received pursuant to the provisions of § 159.47(b) of the Customs Regulations (19 CFR 159.47(b)) which raised a question as to whether certain payments, bestowals, rebates, or refunds granted by the Government of Argentina upon the manufacture, production, or exportation of non-rubber footwear constituted the payment or bestowal of a bounty or grant, directly or indirectly, within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) (referred to in this notice as "the Act"), upon the manufacture, production, or exportation of the merchandise to which the payments, bestowals, rebates, or refunds applied. In accordance with the provisions of the above mentioned notice, a time period of 30 days was provided from the date of the notice for the receipt of relevant data, views, or arguments with respect to the existence or nonexistence, and the net amount, of any bounty or grant within the meaning of section 303 of the Act.

On the basis of an investigation conducted pursuant to § 159.47(c), Customs Regulations (19 CFR 159.47(c)), it has been determined that payments were made by the Government of Argentina upon the exportation of non-rubber footwear which would have constituted a bounty or grant of approximately 25 percent of the dutiable value of the footwear. The Government of Argentina has taken action, effective December 23, 1974, to abolish for footwear producers the program under which such payments were made.

Accordingly, it has been determined preliminarily that no bounty or grant within the meaning of the Act is being paid or bestowed, directly or indirectly, upon the manufacture, production, or ex-

portation of non-rubber footwear from Argentina.

Before a final determination is made the operation of a newly proposed export loan program of the GOA for the footwear industry will be observed to make certain it is not operated so as to result in the payment or bestowal of a bounty or grant. Consideration will be given to any relevant data, views, or arguments submitted in writing with respect to the preliminary determination. Submissions should be addressed to the Commissioner of Customs, 2100 K Street, N.W., Washington, D.C. 20229, in time to be received by his office no later than March 20, 1975.

This preliminary determination is published pursuant to section 303(a) of the Tariff Act of 1930 (19 U.S.C. 1303(a)).

[SEAL]

YERNON D. ACREE,
Commissioner of Customs.

Approval: February 12, 1975.

DAVID R. MACDONALD,
Assistant Secretary of the
Treasury.

[FR Doc.75-4355 Filed 2-14-75; 8:45 am]

Office of the Secretary

[Dept. Circular, Public Debt Series, No. 6-75]

TREASURY NOTES OF SERIES F-1977

Dated and Bearing Interest From March 3, 1975; Due February 28, 1977

FEBRUARY 12, 1975.

I. INVITATION FOR TENDERS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites tenders on a yield basis for \$1,500,000,000, or thereabouts, of notes of the United States, designated Treasury Notes of Series F-1977. The interest rate for the notes will be determined as set forth in Section III, paragraph 3, hereof. Additional amounts of these notes may be issued at the average price of accepted tenders to Government accounts and to Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities. Tenders will be received up to 1:30 p.m., Eastern Standard time, Wednesday, February 19, 1975, under competitive and noncompetitive bidding, as set forth in Section III hereof.

II. DESCRIPTION OF NOTES

1. The notes will be dated March 3, 1975, and will bear interest from that date, payable on a semiannual basis on August 31, 1975, February 29, 1976, August 31, 1976, and February 28, 1977. They will mature February 28, 1977, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxes now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United