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APPROVED

JUL 8 - 1976

8/18/76

THE WHITE HOUSE

WASHINGTON

July 7, 1976

ACTION

Last Day: July 9

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

H.R. 8471 - Use of Alcoholic Beverages in the Panama Canal Zone

Attached for your consideration is H.R. 8471, sponsored by Representative Metcalfe, which would authorize the President to issue regulations on the purchase, possession, consumption, use and transportation of alcoholic beverages in the Panama Canal Zone by persons under 18 years of age.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus), NSC and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 8471 at Tab B.

Posted  
7/9/76

archived  
7/9/76



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

JUL 2 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8471 - Use of alcoholic beverages  
in the Panama Canal Zone  
Sponsor - Rep. Metcalfe (D) Illinois

Last Day for Action

July 9, 1976 - Friday

Purpose

To authorize regulation of the use of alcoholic beverages by persons under the age of 18 in the Panama Canal Zone and to prescribe penalties for the violation of those regulations.

Agency Recommendations

Office of Management and Budget	Approval
Panama Canal Company/Canal Zone Government	Approval
Department of Defense	Approval
Department of Health, Education and Welfare	Approval
Department of Justice	Approval (Informally)
Department of State	Defers

Discussion

H.R. 8471 would authorize the President to issue regulations on the purchase, possession, consumption, use and transportation of alcoholic beverages in the Panama Canal Zone by persons under 18 years of age.

Current law authorizes the President to regulate only the manufacture, sale, importation, or exportation of alcohol in the Canal Zone. As a result, it is not illegal for an under-age person to purchase, possess, or drink alcoholic beverages, nor is it illegal for an adult to purchase alcohol for a minor.

The Canal Zone has experienced a serious problem with alcohol consumption by minors, resulting in auto accidents, fighting, destruction of property, and clashes with the police. While the police attempt to maintain surveillance of minors consuming alcohol, no action can be taken unless a law is broken, such as the destruction of property.

H.R. 8471 would also establish a fine of not more than \$100 or imprisonment of not more than 30 days in jail, or both, for violation of these regulations. The level of these penalties would allow the offenses of minors to be heard in the Canal Zone Magistrate's Court.

Finally, the enrolled bill would amend the current law by authorizing the President to issue regulations on the distribution of alcohol, so as to prohibit an adult from purchasing alcohol for a minor. Violations of the regulations on distribution of alcohol would be punishable by fines up to \$500 and imprisonment up to 6 months, or both, and would be heard in the U.S. District Court.

The enrolled bill would delay the effective date of these provisions until 90 days after enactment, in order to provide time for regulations to be adopted. Traditionally, this regulatory authority has been delegated to the Governor of the Canal Zone. It is the opinion of the General Counsel of the Panama Canal Company that the current delegation will cover this expansion of authority.

The Department of Health, Education, and Welfare (HEW) recommends approval of the enrolled bill with reluctance because of the imprisonment penalty for minors. HEW states that, "Social misbehavior by minors in general should be dealt with as a social, not a criminal problem; criminal sanctions should be reserved for particular older juveniles for whom juvenile procedures are not suitable." HEW believes that the implementing regulations for this legislation should provide that "a jail sentence or criminal penalties may actually be imposed only in particularly serious cases involving older juveniles who are repeat offenders."

In testimony before the Panama Canal Subcommittee of the House Merchant Marine and Fisheries Committee, the Canal Zone Government testified that minors who are habitual users of alcohol

have been and will continue to be entitled to treatment under the Canal Zone's alcoholism rehabilitation program, rather than subjected to criminal prosecution. In addition, the cases of minors will be heard in the Magistrate's Court, where there is more flexibility for judges to handle the case without criminal sanctions. All States currently have similar laws making it a crime for minors to purchase or possess alcohol. While there are no specific official juvenile procedures in the Canal Zone, the Magistrate's Court has been using special procedures for other offenses for many years. Accordingly, we believe that HEW's fear that this bill will result in a large number of instances in which minor children will be sent to jail is unwarranted.

*Nadmi R Sweeney*

Acting Assistant Director for  
Legislative Reference

Enclosures

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 2

Time: 345pm

FOR ACTION: Max Friederddorf

cc (for information):

Jack Marsh

NSC/S *oh*

Jim Cavanaugh

~~Max Friedersdorf~~ *oh*

Ed Schmults

Ken Lazarus *oh*

Spencer Johnson

FROM THE STAFF SECRETARY

DUE: Date: July 6

Time: 1000am

SUBJECT:

H.R. 8471 - Use of alcoholic beverages in the Panama Canal Zone

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.  
For the President

PANAMA CANAL COMPANY  
SUITE 312 PENNSYLVANIA BUILDING  
425-13TH STREET NW.  
WASHINGTON, D.C. 20004

OFFICE OF  
THE SECRETARY

June 29, 1976

Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Washington, D. C. 20503

Attn: Assistant Director for Legislative Reference

This is in response to your request for comments on H.R. 8471 which would authorize the President to prescribe regulations relating to the purchase, possession, consumption, use and transportation of alcoholic beverages in the Canal Zone.

The Canal Zone Code presently authorizes issuance of regulations concerning the sale of alcoholic beverages in the Canal Zone, but provides no authority for regulation of purchase, possession, consumption, use and transportation of such beverages regardless of the age of the individual involved. H.R. 8471 would provide this authority. The bill would also provide for the imposition of fines of no more than \$100 or imprisonment in jail not more than thirty days, or both, for violations of regulations issued pursuant to the authority which would be provided by H.R. 8471. This provision would enable cases involving violations of the regulations in question to be heard in the Magistrate's Court, which is a more appropriate forum than the U.S. District Court for offenses of this nature.

Similar legislation was originally proposed by the Governor of the Canal Zone in the 92nd Congress and the canal agencies have continued to support legislation of this nature.

It is not anticipated that there will be any appreciable increase in the expenditures of the Canal Zone Government as a result of the enactment of the subject bill. For this and the other reasons cited above, the Panama Canal Company and the Canal Zone Government both recommend signature of this bill.

Sincerely yours,

A handwritten signature in cursive script, reading "Thomas M. Constant".

Thomas M. Constant  
Secretary, Panama Canal Company  
Assistant to the Governor of the  
Canal Zone





DEPARTMENT OF THE ARMY  
WASHINGTON, D.C. 20310

29 JUN 1976

Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Executive Office Building  
Washington, D. C. 20503

Dear Mr. Lynn:

The Secretary of Defense has delegated responsibility to the Department of the Army for reporting the views of the Department of Defense on enrolled enactment H.R. 8471, 94th Congress, 2nd Session, "To authorize the President to prescribe regulations relating to the purchase, possession, consumption, use and transportation of alcoholic beverages in the Canal Zone."

The Department of the Army, on behalf of the Department of Defense, recommends approval of the enrolled enactment.

The enactment of this measure is considered desirable because it would provide authority to prescribe regulations governing purchase, possession, consumption, use and transportation of alcoholic beverages by minors in the Canal Zone. No such authority currently exists. In addition, the bill would provide for a reduced imposition of fines and imprisonment for related offenses by minors, thus allowing cases to be heard in the Magistrates Court rather than the U.S. District Court.

The enactment of this bill will cause no apparent increase in Canal Zone Government or Army budgetary requirements.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

Sincerely,

A handwritten signature in black ink that reads "Victor V. Veysey".

Victor V. Veysey  
Assistant Secretary of the Army,  
(Civil Works)





DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

JUN 30 1976

The Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Washington, D. C. 20503

Dear Mr. Lynn:

This is in response to your request for a report on H.R. 8471, an enrolled bill "To authorize the President to prescribe regulations relating to the purchase, possession, consumption, use and transportation of alcoholic beverages in the Canal Zone."

We reluctantly recommend that the President sign the enrolled bill.

H.R. 8471 would enable the Canal Zone Government to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages by persons under eighteen years of age. A juvenile violating these regulations could be fined up to \$100 and jailed for up to 30 days.

H.R. 8471 is intended to help the Canal Zone Government deal with a serious problem of alcohol abuse by minors. The Canal Zone Government should have the authority to deal with alcohol use. We do not feel, however, that the imposition of criminal sanctions in general on minors would be either appropriate or effective. Social misbehavior by minors in general should be dealt with as a social, not a criminal, problem; criminal sanctions should be reserved for particular older juveniles for whom juvenile procedures are not suitable.

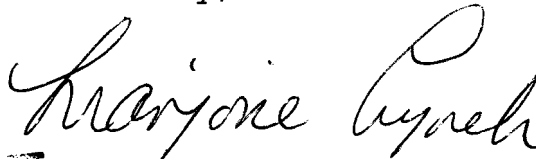
We reluctantly recommend that the President sign the enrolled bill so that the Canal Zone Government may have legal authority

The Honorable James T. Lynn

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to deal with alcohol abuse by minors. We also urge that implementing regulations provide that a jail sentence or criminal penalties may actually be imposed only in particularly serious cases involving older juveniles who are repeat offenders.

Sincerely,

A handwritten signature in cursive script that reads "Marjorie Lynn". The signature is written in dark ink and is positioned above the typed name.

**Under** Secretary



DEPARTMENT OF STATE

Washington, D.C. 20520

JUN 30 1976

Dear Mr. Lynn:

This is in reply to the June 28 communication from James Frey of your office requesting the Department's views and recommendations on H.R. 8471, an enrolled bill.

The Department of State has no foreign policy objections to the enactment of this bill. The Department defers to the views of the Department of the Army and of the Canal Zone Government on the substantive aspects of the bill.

Sincerely yours,

A handwritten signature in cursive script that reads "Robert J. McCloskey".

Robert J. McCloskey  
Assistant Secretary for  
Congressional Relations

The Honorable  
James T. Lynn,  
Director,  
Office of Management  
and Budget.

July 6, 1976


MEMORANDUM FOR: JAMES M. CANNON  
FROM: Jeanne W. Davis *JWD*  
SUBJECT: H. R. 8471

The NSC Staff concurs with proposed enrolled bill H. R. 8471 -  
Use of Alcoholic Beverages in the Panama Canal Zone.

THE WHITE HOUSE

WASHINGTON

July 6, 1976

MEMORANDUM FOR: JIM CAVANAUGH  
FROM: MAX L. FRIEDERSDORF   
SUBJECT:

H.R. 8471 - Use of alcoholic beverages in the Panama  
Canal Zone

The Office of Legislative Affairs concurs with the agencies  
that the subject bill be signed.

Attachments



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET

DATE: 7-6-76

TO: Bob Linder

FROM: Jim Frey

Attached are the following view  
letters for inclusion in the appro-  
priate enrolled bill file:

Interior - S. 391

*(To be heard  
7-6-76)*

Justice - H.R. 8471

Department of Justice  
Washington, D. C. 20530

July 2, 1976

Honorable James T. Lynn  
Director  
Office of Management and Budget  
Washington, D. C.

Dear Mr. Lynn:

In compliance with your request, I have examined a facsimile of the enrolled bill H. R. 8471, "To authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone."

The bill changes existing law by inclusion of a provision granting the President authority to regulate the purchase, possession, consumption, use and transportation of alcoholic beverages by minors and by providing penalties for violation of such regulation. Exercise of that authority will assist law enforcement officials in handling problems with teenage drinkers. The proscribed penalties are such that violators will be brought before the magistrate's court and will not add to the case load of the United States District Court.

The Department of Justice recommends executive approval of this bill.

Sincerely,



Michael M. Uhlmann  
Assistant Attorney General



To: J. Conroy  
7-2-76  
3:00 p.m.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

JUL 2 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8471 - Use of alcoholic beverages  
in the Panama Canal Zone  
Sponsor - Rep. Metcalfe (D) Illinois

Last Day for Action

July 9, 1976 - Friday

Purpose

To authorize regulation of the use of alcoholic beverages by persons under the age of 18 in the Panama Canal Zone and to prescribe penalties for the violation of those regulations.

Agency Recommendations

Office of Management and Budget	Approval
Panama Canal Company/Canal Zone Government	Approval
Department of Defense	Approval
Department of Health, Education and Welfare	Approval
Department of Justice	Approval (Informally)
Department of State	Defers

Discussion

H.R. 8471 would authorize the President to issue regulations on the purchase, possession, consumption, use and transportation of alcoholic beverages in the Panama Canal Zone by persons under 18 years of age.

Current law authorizes the President to regulate only the manufacture, sale, importation, or exportation of alcohol in the Canal Zone. As a result, it is not illegal for an under-age person to purchase, possess, or drink alcoholic beverages, nor is it illegal for an adult to purchase alcohol for a minor.

## REGULATIONS RELATING TO ALCOHOLIC BEVERAGES IN THE CANAL ZONE

MAY 14, 1976.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

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Mrs. SULLIVAN, from the Committee on Merchant Marine and  
Fisheries, submitted the following

### REPORT

[To accompany H.R. 8471]

The Committee on Merchant Marine and Fisheries, to whom was referred the bill (H.R. 8471) to authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That section 731 of title 2, Canal Zone Code (76A Stat. 29), is revised to read as follows:

**“§ 731. Regulation of manufacture, sales, et cetera**

“The President shall prescribe, and from time to time may amend, regulations relating to the:

“(1) manufacture, distribution, and sale of alcoholic beverages in the Canal Zone, and licenses and fees therefor;

“(2) importation of alcoholic beverages into, and exportation thereof from, the Canal Zone; and

“(3) purchase, possession, consumption, use, and transportation of alcoholic beverages by individuals under eighteen years of age.”

SEC. 2. Section 732 of title 2, Canal Zone Code (76A Stat. 29) is revised to read as follows:

**“§ 732. Penalties for violation**

“(a) Whoever violates a regulation issued pursuant to paragraphs (1) and (2) of section 731 of this title shall be fined not more than \$500 or imprisoned in jail not more than six months, or both, and, in addition, his license may be revoked or suspended as the President may prescribe by the regulations as issued.

“(b) Whoever violates a regulation issued pursuant to paragraph (3) of section 731 of this title shall be fined not more than \$100 or imprisoned in jail not more than thirty days, or both.”

SEC. 3. The amendments made in sections 1 and 2 of this Act shall take effect on the ninetieth day after the date of enactment of this Act.

## PURPOSE OF BILL

The purpose of this bill is to grant authority to the President or his delegate for the regulation of the purchase, possession, consumption, use and transportation of alcoholic beverages by minors in the Canal Zone. The bill also authorizes penalties for violation of regulations issued pursuant to the new regulatory authority contained in the legislation.

## BACKGROUND

The Congress acts as the general legislature for the Canal Zone, and in that role writes laws which grant authority for the regulation of certain aspects of life in the Canal Zone. Traditionally the Congress has granted very general authority to the President, the Secretary of the Army, or the Governor of the Canal Zone, after which the appropriate officials issue detailed regulations pursuant to the statutory authority granted in Public Laws.

Section 731 of Title 2 of the Canal Zone Code states that the President shall promulgate regulations with respect to the manufacture, sale, importation, and exportation of alcoholic beverages in the Canal Zone. The general authority to prescribe regulations to govern these four aspects of alcoholic beverage control has been delegated to the Secretary of the Army by Presidential Executive Order. The Secretary has issued regulations concerning alcoholic beverages in the Canal Zone (Part 53, Title 35, Code of Federal Regulations). In addition to these delegations of authority to the Secretary, the Governor of the Canal Zone has traditionally exercised authority relating to the issuance of licenses for sale of alcoholic beverages in the Canal Zone.

While there is statutory authority to regulate the aforementioned aspects of alcoholic beverage control in the Zone, there does not exist any authority to regulate the purchase, possession, consumption, use, and transportation of such items in the Zone. The absence of such authority, though it has not led to serious social or criminal problems among the adult population, has contributed to various antisocial and criminal behavior on the part of teenagers and adolescents. This age group makes up in numbers about one-eighth of the Zone's residents (nearly 5,000 of over 40,000 residents). As a result of the problems which have occurred, the citizens and Government of the Canal Zone have for some years been requesting legislation to provide for some statutory authority permitting the control of drinking of alcoholic beverages by teenagers in the Zone.

The initial catalyst for this legislation was a report which ultimately received the attention of the Governor of the Canal Zone. The report was written by the Subcommittee on Alcohol Use by Minors of the Canal Zone Executive Committee for Youth-Family-Community Relations. The report stated in part:

It is recommended that the Canal administration do whatever is necessary to obtain legislation and/or regulations having the force and effect of law controlling the drinking of alcoholic beverages, and beer, by minors (under 21 for hard liquor, under 18 for beer), at least in public places. The controls, with penal sanctions, should adequately cover both the selling to underage persons, and the purchase, possession or

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consumption by underage persons, of beer or alcoholic beverages. They should prohibit or control the transportation or possession of opened beer or alcoholic beverage containers in vehicles or public areas. The subcommittee does not consider that the solution to the problem of drinking by young people can be solved by legislation and police action. But an adequate legal base for exercising controls through law enforcement agencies is common in most States (material is on file in the office of the chairman) and is a tool which the Canal Zone Police and others should have to assist in the control of some aspects of the problem. This legal base is not adequate in the Canal Zone at the present time.

Subsequent to the filing of this report, the Canal Zone Government sought legislation to authorize the issuance of regulations governing the purchase, possession, consumption, use, and transportation of alcoholic beverages by minors in the Canal Zone.

In the 93rd Congress, pursuant to executive communication, there was introduced legislation designed to achieve the ends originally sought by the Executive Committee and the Canal Zone Government. Hearings were held on the bill (H.R. 15602) in the 93rd Congress on July 12, 1974, but favorable consideration of the legislation was not forthcoming because there were some technical problems associated with the measure which the Subcommittee on the Panama Canal determined needed more research.

When H.R. 8471 was introduced by the Honorable Ralph H. Metcalfe, Chairman of the Subcommittee on the Panama Canal, on July 9, 1975, it included a provision to insure that violations of regulations with respect to purchase, possession, consumption, use and transportation of alcoholic beverages in the Zone would be considered in the magistrate courts in the Canal Zone rather than the U.S. District Court. This particular provision was included as a result of a suggestion made by a witness for the Justice Department in the 1974 hearings.

At the present time, paragraph 2, section 171 of Title 3 of the Canal Zone Code limits the criminal jurisdiction of the magistrate courts in the Canal Zone to those "criminal actions wherein punishment which may be imposed does not exceed a fine of \$100 or imprisonment in jail for 30 days or both". Since the penalty provision that now exists for violation of regulations concerning the manufacture, sale, exportation and importation of alcoholic beverages in the Zone authorizes a maximum penalty of either 6 months in jail or \$500 fine, or both, offenses of this particular nature must be heard in the U.S. District Court. The provision in H.R. 8471 (with a maximum fine of \$100 or 30 days in jail, or both) for minors who might violate regulations on purchase, possession, consumption, use, and transportation of alcoholic beverages requires that these offenses will be heard in the magistrate courts.

## LEGISLATIVE DEVELOPMENT OF H.R. 8471

On November 8, 1975, the Subcommittee on the Panama Canal of the Committee on Merchant Marine and Fisheries held hearings on H.R. 8471. During these hearings, the Canal Zone Governor, the Department of Justice and the Department of the Army all expressed

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support for the legislation. At the same time that hearings were held on H.R. 8471, witnesses also testified on H.R. 10581, a bill which had the same basic thrust as H.R. 8471 but which mandated rehabilitation programs and educational programs for alcohol abuse in the Canal Zone. In its markup of legislation on alcoholic beverage control, the Subcommittee preferred the approach taken in H.R. 8471 and reported this bill. The Full Committee agreed with the Subcommittee decision.

In his testimony before the Subcommittee, the Governor of the Canal Zone recommended some amendments to H.R. 8471 as introduced. The Governor recommended that the bill include a provision for a delay of 90 days in the effective date of the legislation in order that appropriate regulations might be prepared by the Secretary of the Army. He also recommended that the distribution of alcoholic beverages be subject to regulation. Both of these suggestions of the Governor were adopted by the Subcommittee in its markup session and agreed to by the Committee.

A major concern of the Subcommittee was that criminal justice sanction not be the sole approach taken to curbing alcohol abuse problems among teenagers in the Zone. The Subcommittee was assured by the Governor that extensive guidance, counselling, and rehabilitation programs with respect to alcohol abuse were already underway in the Canal Zone in accordance with the mandates of the 1970 Comprehensive Alcohol Abuse and Alcoholism Prevention and Rehabilitation Act. Since the Panama Canal already carries on an extensive program to utilize resources other than criminal justice sanctions to solve the teenage drinking problem, the Subcommittee and Committee accordingly saw no need to mandate social programs in the legislation it reported. The Committee finds necessary and approves rehabilitation programs and educational programs as they now exist, and strongly urges the Panama Canal to continue an even-handed approach to the serious problem of alcohol abuse by teenagers.

In addition to the amendments suggested by the Governor of the Canal Zone in his testimony, several other technical amendments were made to H.R. 8471 as introduced.

In summary, while Canal Zone authorities do have the power to deal with breach of the peace or disorderly conduct violations, they lack the power to prohibit or regulate the possession or consumption or transportation of either beer, wine, or hard liquor by teenagers as young as 14 or 15 years old in the Canal Zone. The basic purpose of this long overdue legislation is to allow the Canal Zone authorities to have some control over the disposition of a substance which can contribute to antisocial, destructive and criminal behavior. Enactment of the bill will allow the Canal Zone Government to fulfill its responsibilities not only to the Canal Zone citizenry in general, but also to those teenagers themselves who tend toward excessive consumption of alcohol.

#### COST OF THE LEGISLATION

According to testimony before the Subcommittee, it is not expected that this legislation will increase the costs of the Canal Zone Government. The governmental apparatus for preparation, implementation,

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enforcement, and adjudication with respect to any new regulations that may be issued pursuant to H.R. 8471 already exists and can amply deal with the authority granted in this bill.

#### SECTION-BY-SECTION ANALYSIS

##### SECTION 1

Section 1 of the bill rewrites section 731 of Title 2 of the Canal Zone Code to grant the President the power to prescribe and amend regulations relating to the purchase, possession, consumption, use, and transportation of alcohol beverages by individuals under 18 years of age in the Canal Zone. The legislation was amended to grant the authority to control distribution of alcoholic beverages in the Canal Zone, since otherwise that distribution of alcoholic beverages by adults to individuals under 18 years of age would only frustrate the new authority given in H.R. 8471.

##### SECTION 2

Section 2 of H.R. 8471 provides that violators of regulations on purchase, possession, consumption, use, and transportation of alcoholic beverages shall be subject to a fine of not more than \$100 or imprisonment in jail for not more than 30 days, or both. The provision of this maximum penalty for violations of new regulations issued pursuant to the bill will allow these offenses to be heard in magistrate courts in the Canal Zone.

##### SECTION 3

Section 3 of H.R. 8471 provides that the new amendments to section 731 and 732 of the Canal Zone Code shall not become effective until the 90th day after the day of enactment. This provision will allow for the proper preparation of new regulations on alcoholic beverage control in the Canal Zone.

#### COMPLIANCE WITH HOUSE RULE XI

With respect to the requirements of clause 2(1)(3) of the Rule XI of the Rules of the House of Representatives:

(A) No oversight hearings apart from the legislative hearings held in connection with H.R. 8471 have been convened; however, the Committee considers the hearings held on November 18, 1975, by the Subcommittee on Panama Canal to have constituted oversight of the subject of alcohol beverage control in the Canal Zone as well as specific findings with respect to H.R. 8471.

(B) Since no budget authority on new or increased tax expenditures are anticipated in connection with this legislation, the statement required by section 308(a) of the Congressional Budget Act of 1974 is considered inapplicable.

(C) No extent and comparison of cost has been received by the Committee from the Director of the Congressional Budget Office, pursuant to section 403 of the Congressional Budget Act of 1974.

H.R. 1140

(D) The Committee has received no report from the Committee on Government Operations of oversight findings and recommendations arrived at pursuant to clause 2(b) (2) of Rule XI.

#### INFLATIONARY IMPACT STATEMENT

In accordance with clause 2(1) (4) of Rule XI of the Rules of the House of Representatives, the Committee has concluded that the absence of additional cost in connection with this legislation indicates that there will be no inflationary impact resulting from its enactment.

#### DEPARTMENTAL REPORTS

H.R. 8471 was the subject of reports from the Departments of State, Defense, Health, Education and Welfare, and Treasury. In addition, a report was received from the Governor, Canal Zone Government. The reports follows herewith:

DEPARTMENT OF STATE,  
Washington, D.O., August 20, 1975.

HON. LEONOR K. SULLIVAN,  
Chairman, Merchant Marines and Fisheries Committee, House of Representatives, Washington, D.C.

DEAR MADAM CHAIRMAN: This is in reply to your letter of July 16 requesting State Department comments on H.R. 8471, a bill to authorize the President to prescribe regulations relating to the purchase, possession, consumption, use and transportation of alcoholic beverages in the Canal Zone.

The Department has no objections to the passage of this bill.

The Office of Management and Budget advises that there is no objection to the presentation of this report from standpoint of the Administration's program.

Sincerely,

ROBERT J. McCLOSKEY,  
Assistant Secretary for Congressional Relations.

DEPARTMENT OF THE ARMY,  
Washington, D.C., November 7, 1975.

HON. LEONOR K. SULLIVAN,  
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

DEAR MADAM CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department on H.R. 8471, 94th Congress, 1st Session, a bill "To authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone." The Department of the Army has been assigned responsibility for expressing the views of the Department of Defense on this bill.

The title of the bill states its purpose.

H.R. 1140

The Department of the Army on behalf of the Department of Defense favors the bill.

A study conducted by the Canal Zone Government found that excessive drinking and resultant unacceptable behavior by a large number of teenagers in the Canal Zone created an unfavorable public image and constituted an undesirable influence on other young people. Further, the inquiry revealed that a substantial number of serious incidents involving motor vehicle accidents, fighting, public intoxication, sex, and clashes with the police as well as conflict between Canal Zone and Panama groups could be attributed in part to excessive drinking by young people.

The study concluded that the lack of any legal sanction over the purchase and consumption of alcoholic beverages by minors was undesirable and inconsistent with the practice in most areas of the United States.

Section 731 of Title 2, Canal Zone Code, presently authorizes the issuance of regulations relating only to the manufacture, sale, importation and exportation of alcoholic beverages. As a result, it is not an offense in the Canal Zone for an underage person to purchase, possess, or drink alcoholic beverages. The Canal Zone police has attempted to maintain a surveillance of young people drinking intoxicants, but they have no authority to intervene unless a violation of law takes place, such as a breach of the peace or disorderly conduct.

The proposed legislation will provide the necessary authority to prescribe regulations governing the purchase, possession, consumption, use, and transportation of alcoholic beverages by minors in the Canal Zone.

The bill would also add to Section 732 of the Canal Zone Code a new subsection to provide for the imposition of fines of not more than \$100 or imprisonment in jail not more than thirty days, or both, for violations of the regulations issued pursuant to the authority which would be provided by H.R. 8471. This provision would enable cases involving violations of the regulations in question to be heard in the Magistrate's Court, which is a more appropriate forum than the U.S. District Court for offenses of this nature. Violations of regulations involving the manufacture, sale, licensing, importation and exportation of alcoholic beverages would continue to be punishable by fines up to \$500 and imprisonment in jail not more than six months, or both, and would continue to be heard in the U.S. District Court.

For the foregoing reasons, the Department of the Army on behalf of the Department of Defense strongly recommends that the bill be favorably considered.

The enactment of this bill will cause no apparent increase in Army budgetary requirements.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

MARTIN R. HOFFMAN,  
Secretary of the Army.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,  
Washington, D.C., May 6, 1976.

HON. LEONOR K. SULLIVAN,  
Chairman, Committee on Merchant Marine and Fisheries, House of  
Representatives, Washington, D.C.

DEAR MADAM CHAIRMAN: This is in response to your request for reports on H.R. 8471, a bill "To authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone", and H.R. 10581, a bill "To authorize the Governor of the Canal Zone to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone, to authorize penalties for violations thereof, and to require the establishment of alcoholism prevention, treatment, and rehabilitation programs in the Canal Zone, and for other purposes."

In summary, we favor providing authority to the Canal Zone Government to regulate alcohol use, but oppose the general application of criminal sanctions against juveniles, and the duplicative alcoholism programs authority in H.R. 10581.

Both bills would enable the Canal Zone Government to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages. A person violating these regulations could be fined up to \$100 and jailed for up to 30 days. Under H.R. 8471, these regulations would apply only to persons under eighteen years of age; there is no such limitation in H.R. 10581. In addition, H.R. 10581 would authorize educational, treatment and rehabilitation, and evaluation programs in relation to the use of alcohol. Persons convicted of violating the regulations discussed above, if they successfully completed voluntary participation in an alcohol education program, would not be fined or sentenced to jail; otherwise, sentence would have to be imposed.

Both bills are intended to help the Canal Zone Government deal with a serious problem of alcohol abuse by minors. The Canal Zone Government should have the authority to deal with alcohol use. We do not feel, however, that the imposition of criminal sanctions in general on minors would be either appropriate or effective. Social misbehavior by minors in general should be dealt with as a social, not a criminal, problem; criminal sanctions should be reserved for particular older juveniles for whom juvenile procedures are not suitable.

In addition, the educational, treatment and rehabilitation, and evaluation provisions of H.R. 10581 are unnecessary; the Canal Zone is presently conducting alcoholism programs under existing law. The provisions could even do harm, as they refer to participation solely in an educational program, but not in a treatment or rehabilitation program, as an alternative to a fine or jail sentence.

We therefore recommend that neither H.R. 8471 nor H.R. 10581 be favorably considered unless modified to incorporate our recommendations.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

DAVID MATHEWS, *Secretary.*

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THE GENERAL COUNSEL OF THE TREASURY,  
Washington, D.C., October 9, 1975.

HON. LEONOR K. SULLIVAN,  
Chairman, Committee on Merchant Marine and Fisheries, House of  
Representatives, Washington, D.C.

DEAR MADAM CHAIRMAN: This refers to your request for the views of the Department of the Treasury on H.R. 8471, "To authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone."

The bill would amend section 731 of title 2, Canal Zone Code, to authorize the regulation of the purchase, possession, consumption, use, and transportation of alcoholic beverages by individuals under 18 years of age. Under existing section 731, the regulation of alcoholic beverages in the Canal Zone is vested exclusively in the President.

The Department has the responsibility for administering and enforcing the Internal Revenue laws relating to liquor and the Federal Alcohol Administration Act (27 U.S.C. chapter 8) as it relates to liquors. Its jurisdiction in those matters does not include the Canal Zone. In addition, the provisions of 18 U.S.C. chapter 59 concerning liquor traffic and which are enforced by the Secretary of the Treasury specifically exclude the Canal Zone. 18 U.S.C. 1261 (b).

Since the bill relates to matters which are not within the jurisdiction of the Department of the Treasury, or to matters in which the Department has no first hand knowledge, we have no opinion as to the merits of the bill.

The Department has been advised by the Office of Management and Budget that there is no objection from the standpoint of the Administration's program to the submission of this report to your Committee.

Sincerely yours,

RICHARD R. ALBRECHT,  
*General Counsel.*

CANAL ZONE GOVERNMENT,  
*Balboa Heights, Canal Zone, August 29, 1975.*

HON. LEONOR K. SULLIVAN,  
Chairman, Committee on Merchant Marine and Fisheries, House of  
Representatives, Washington, D.C.

DEAR MRS. SULLIVAN: This is in response to your request of July 16, 1975, for a report on H.R. 8471, a bill "To authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone."

In 1968, the Governor's Executive Committee on Youth-Family-Community Relations conducted a study on alcohol use by minors which resulted in findings upon which proposed legislation was based that would authorize the issuance of regulations relating to the purchase, possession, consumption, use and transportation of alcoholic beverages by young persons in the Canal Zone.

The study found that the majority of teenagers in the Canal Zone have had some experience in the drinking of alcoholic beverages. The committee did not consider this unusual in the light of modern social

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standards. However, the study did expose a hard core of approximately three hundred teenagers who drink alcoholic beverages excessively. It found also that their excessive drinking and resultant unacceptable behavior created an unfavorable public image and constituted an undesirable influence on other young people. Moreover, the study revealed that a substantial number of serious incidents involving motor vehicle accidents, fighting, public intoxication, sex, and clashes with the police as well as conflict between Canal Zone and Panama groups could be attributed in part to excessive drinking by young people.

Section 731 of Title 2, Canal Zone Code, presently authorizes the issuance of regulations relating only to the manufacture, sale, importation, and exportation of alcoholic beverages. For that reason it is not an offense in the Canal Zone for an underage person to purchase, possess or drink alcoholic beverages. The police have attempted to maintain a surveillance of young people drinking intoxicants, but they have no authority to intervene unless a violation of law takes place, such as a breach of the peace or disorderly conduct. The report of the study by the Governor's committee indicated that the lack of legal sanctions for the purchase or consumption of alcoholic beverages by minors was undesirable and inconsistent with the practice in most areas of the United States.

The Canal agencies strongly favor H.R. 8471, which would provide the necessary authority to prescribe regulations governing the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone. The bill would also add to section 732 of the Canal Zone Code a new subsection to provide for the imposition of fines of not more than \$100 or imprisonment in jail not more than thirty days, or both, for violations of the regulations issued pursuant to the authority which would be provided by H.R. 8471. This provision would enable cases involving violations of the regulations in question to be heard in the Magistrate's Court, which is a more appropriate forum than the U.S. District Court for offenses of this nature. Violations of regulations involving the manufacture, sale, licensing, importation, and exportation of alcoholic beverages would continue to be punishable by fines up to \$500 or imprisonment in jail not more than six months, or both, and would continue to be heard in the U.S. District Court.

Pertinent information from other jurisdictions has been compiled to aid in the formulation of regulations when the bill is enacted.

The Office of Management and Budget advises that there is no objection to submission of this proposal to Congress.

Sincerely yours,

H. R. PARFITT, *Governor.*

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, as amended, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets and new matter is printed in italic):

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## SECTIONS 731 AND 732 OF TITLE 2, CANAL ZONE CODE

(76A Stat. 29)

### Chapter 53. Alcoholic Beverages

Sec.

731. Regulation of manufacture, sale, etc.

732. Penalties for violation.

#### § 731. Regulation of manufacture, sale, etc.

[The President shall prescribe, and from time to time may amend, regulations relating to the:

[(1) manufacture and sale of alcoholic beverages in the Canal Zone, and licenses and fees therefor; and

[(2) importation of alcoholic beverages into, and exportation thereof from, the Canal Zone.]

#### § 731. Regulation of manufacture, sale, et cetera

*The President shall prescribe, and from time to time may amend, regulations relating to the:*

*(1) manufacture, distribution, and sale of alcoholic beverages in the Canal Zone, and licenses and fees therefor;*

*(2) importation of alcoholic beverages into, and exportation thereof from, the Canal Zone; and*

*(3) purchase, possession, consumption, use, and transportation of alcoholic beverages by individuals under eighteen years of age.*

#### § 732. Penalties for violation

[Whoever violates a regulation issued pursuant to section 731 of this title shall be fined not more than \$500 or imprisoned in jail not more than six months, or both, and, in addition, his license may be revoked or suspended as the President may prescribe by the regulations so issued.]

#### § 732. Penalties for violation

*(a) Whoever violates a regulation issued pursuant to paragraphs (1) and (2) of section 731 of this title shall be fined not more than \$500 or imprisoned in jail not more than six months, or both, and, in addition, his license may be revoked or suspended as the President may prescribe by the regulations as issued.*

*(b) Whoever violates a regulation issued pursuant to paragraph (3) of section 731 of this title shall be fined not more than \$100 or imprisoned in jail not more than thirty days, or both.*

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# Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,  
one thousand nine hundred and seventy-six*

## An Act

To authorize the President to prescribe regulations relating to the purchase, possession, consumption, use, and transportation of alcoholic beverages in the Canal Zone.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 731 of title 2, Canal Zone Code (76A Stat. 29), is revised to read as follows:*

**“§ 731. Regulation of manufacture, sale, et cetera**

“The President shall prescribe, and from time to time may amend, regulations relating to the:

“ (1) manufacture, distribution, and sale of alcoholic beverages in the Canal Zone, and licenses and fees therefor;

“ (2) importation of alcoholic beverages into, and exportation thereof from, the Canal Zone; and

“ (3) purchase, possession, consumption, use, and transportation of alcoholic beverages by individuals under eighteen years of age.”.

SEC. 2. Section 732 of title 2, Canal Zone Code (76A Stat. 29) is revised to read as follows:

**“§ 732. Penalties for violation**

“(a) Whoever violates a regulation issued pursuant to paragraphs (1) and (2) of section 731 of this title shall be fined not more than \$500 or imprisoned in jail not more than six months, or both, and, in addition, his license may be revoked or suspended as the President may prescribe by the regulations as issued. (76A Stat. 29.)

“(b) Whoever violates a regulation issued pursuant to paragraph (3) of section 731 of this title shall be fined not more than \$100 or imprisoned in jail not more than thirty days, or both.”.

SEC. 3. The amendments made in sections 1 and 2 of this Act shall take effect on the ninetieth day after the date of enactment of this Act.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*