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The Department of the Interior announced today that it has no objection to statutory postponement of the deadline for termination of Federal trust supervision over the property and affairs of the Menominee Indian Tribe of Wisconsin beyond the presently scheduled date of December 31, 1960.

In presenting its views on four pending congressional bills that affect the Menominee termination program, the Department recommended that they be combined into one and suggested important amendments in each. The bills are H. R. 11813, H. R. 11476, H. R. 10450, and H. R. 10451. They deal respectively with the terminal date, a proposed authorization for Federal loans to the Tribe after termination, Federal reimbursement to the Tribe for its termination expenditures, and tax exemption for stock certificates to be issued by a tribal corporation.

In commenting on the terminal date proposal, the Department emphasized its desire to do everything possible to assure the success of the Menominee termination program.

“If after considering all of the facts and after hearing from the Tribe and other interested parties Congress feels that a postponement is desirable,” the Department's report said, “then we would have no objection if Congress should fix a new termination date, which we feel should not be later than July 1, 1961. The date should not be left for determination by the Secretary, because experience clearly shows that without a firm statutory date the Tribe will in all probability not complete the actions necessary to put the termination plan into effect.”

With reference to the loan legislation, H. R. 11476, the Department recommended that it be given authority to make post-termination loans, if necessary, to a tribal corporation for the purpose of expanding and modernizing the Tribe's sawmill and other business operations. The Department's report, however, recommended substantial amendment of the pending bill to provide (1) that Federal loans could be made only if commercial credit is not available on reasonable terms, (2) that interest rates should be sufficient to cover the Government's cost of borrowing money plus the costs of administration, and (3) that after a loan has been made by the Department it could be transferred to another Federal agency or private credit agency for administration and collection.

Commenting on H. R. 10450, the Department pointed out that under present law Federal reimbursement of the Tribe's termination expenses is limited to cover all which were incurred before July 2, 1958 plus half of those incurred after that date, or $275,000, whichever is lesser. The Department advocated liberalizing this formula to provide for full reimbursement up to a maximum of $500,000.

In its comments on the documentary stamp tax, the Department stressed that under all the termination laws so far enacted by Congress the distribution of tribal assets to tribal members is made exempt from Federal and state income taxes. In the Menominee case, however, the situation is complicated because the Tribe plans to establish a corporation under State law and issue stock and debentures to the tribal members. Issuance of these certificates would be taxable under the Internal Revenue Code and the taxes might amount to as much as $165,000. In its report the Department expressed the opinion that

Congress clearly intended to make the distribution of Menominee tribal assets tax-exempt and that the failure to mention documentary stamp taxes along with income taxes in the original termination law was inadvertent.

"Under the legislation we are recommending," the Department said, "the Government will have to reimburse the tribe for all termination expenses, including the documentary stamp tax if paid by the tribe. The choice, therefore, is either to exempt the tribe from payment of the documentary stamp tax, or to impose the tax and use Federal money to pay it. We urge that tax exemption be provided. “

To safeguard against a possible hiatus in the termination program, the Department recommended a provision authorizing the Secretary of the Interior to step in and act on behalf of the Tribe if the Tribe should fail to take all of the actions necessary to complete the termination plan before the scheduled date. Under present law, it was pointed out, the tribal corporation can be organized and tribal property transferred to it only after voting trustees have been selected or approved by the General Council of the Tribe. In view of the great difficulty that has been experienced in getting a quorum to attend the General council meetings, it is possible that these actions may be taken before the scheduled date. Under the Department's proposal the Secretary would have the authority under such circumstances to establish a tribal corporation and transfer the property to it after giving the Tribe 20 days' notice of intention.