

SEC. 7. Nothing contained herein shall be interpreted or construed as approving any act, action, or conduct which is or has been or may be in violation of existing law nor shall anything herein contained constitute a defense to any action, suit, or proceeding pending or hereafter instituted on account of any prohibited antitrust or monopolistic act, action, or conduct.

SEC. 8. The right is hereby reserved to the Congress or any of its standing committees to require the disclosure and furnishing of such information or data by the Wabash Valley Interstate Commission as is deemed appropriate by the Congress or any such committee.

Approved September 23, 1959.

Public Law 86-376

AN ACT

September 23, 1959  
[H. R. 47]

To amend the Internal Revenue Code of 1954 to provide a personal exemption for children placed for adoption and to clarify certain provisions relating to the election of small business corporations as to taxable status.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) section 152(b)(2) of the Internal Revenue Code of 1954 (relating to the definition of the term "dependent") is amended by striking out "a legally adopted child of an individual" and inserting in lieu thereof the following: "a legally adopted child of an individual (and a child who is a member of an individual's household, if placed with such individual by an authorized placement agency for legal adoption by such individual)".

Internal Revenue  
Code of 1954,  
amendment.  
68A Stat. 43.

(b) The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1958.

SEC. 2. (a) Section 1371 of the Internal Revenue Code of 1954 (relating to definitions applicable to certain small business corporations) is amended by adding at the end thereof the following new subsection:

72 Stat. 1650.

"(c) STOCK OWNED BY HUSBAND AND WIFE.—For purposes of subsection (a) (1) stock which—

"(1) is community property of a husband and wife (or the income from which is community income) under the applicable community property law of a State, or

"(2) is held by a husband and wife as joint tenants, tenants by the entirety, or tenants in common, shall be treated as owned by one shareholder."

72 Stat. 1653.

(b) Section 1374(b) of the Internal Revenue Code of 1954 (relating to allowance of net operating loss to shareholders of electing small business corporations) is amended by inserting after "the taxable year of the corporation ends" the following: "(or for the final taxable year of a shareholder who dies before the end of the corporation's taxable year)".

(c) Section 1504(b) of the Internal Revenue Code of 1954 (relating to definition of includible corporation) is amended by striking out paragraph (8) thereof.

68A Stat. 369;  
72 Stat. 1657.

(d) The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1959. The amendments made by subsections (b) and (c) shall take effect on the day after the date of the enactment of this Act.

68A Stat. 182.

SEC. 3. (a) Section 542(c) of the Internal Revenue Code of 1954 (relating to exceptions from definition of a personal holding company) is amended—

(a) by inserting “;” in lieu of “.” at the end thereof and

(b) by adding at the end thereof the following new paragraph (11):

Small business investment company.

72 Stat. 689.  
15 USC 661 note.

“(11) A small business investment company which is licensed by the Small Business Administration and operating under the Small Business Investment Act of 1958 and which is actively engaged in the business of providing funds to small business concerns under that Act. This paragraph shall not apply if any shareholder of the small business investment company owns at any time during the taxable year directly or indirectly (including, in the case of an individual, ownership by the members of his family as defined in section 544(a)(2)) a 5 per centum or more proprietary interest in a small business concern to which funds are provided by the investment company or 5 per centum or more in value of the outstanding stock of such concern.”

68A Stat. 188.

(b) The amendment made by this section shall apply to taxable years beginning after December 31, 1958.

Approved September 23, 1959.

## Public Law 86-377

September 23, 1959  
[H. R. 6059]

### AN ACT

To provide additional civilian positions for the Department of Defense for purposes of scientific research and development relating to the national defense, to improve the management of the activities of such Department, and for other purposes.

Defense Department. Civilian positions.  
63 Stat. 959.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) section 505 of the Classification Act of 1949, as amended (5 U.S.C. 1105), is amended by adding the following new subsection at the end thereof:

“(j) The Secretary of Defense is authorized, subject to the standards and procedures prescribed by this Act, to place a total of three hundred seventy-two positions in the Department of Defense in grades 16, 17, and 18 of the General Schedule.”

(b) The total number of positions authorized by section 505(b) of the Classification Act of 1949, as amended (5 U.S.C. 1105(b)), to be placed in grades 16, 17, and 18 of the General Schedule of such Act at any time shall be deemed to have been reduced by the number of positions in such grades allocated to the Department of Defense immediately prior to the date of enactment of this Act. The respective numbers of positions authorized by such section 505(b) to be placed in grades 17 and 18 of such schedule at any one time shall be deemed to have been reduced by the respective numbers of positions in such grades allocated to the Department of Defense immediately prior to the date of enactment of this Act.

(c) Nothing contained in this section shall affect any position existing under authority of section 505(b) of the Classification Act of 1949, as in effect immediately prior to the date of enactment of this Act, the compensation attached to any such position, and any incumbent thereof, his appointment thereto, and his right to receive the compensation attached thereto, until appropriate action is