

SCHWABE COLL

MEMORANDUM

August 27, 1945

15% DEPLETION FOR FLUORSPAR - S. H. DAVIS,
VICE PRESIDENT, OZARK CHEMICAL COMPANY

Dear Mr. Schwabe:

The Legislative Counsel is preparing appropriate bill, and promises that it will be ready for you to introduce immediately after the reconvening of Congress. I thought you might like to have this information for your constituent while you are still there.

Sincerely,

Secretary.

GEORGE B. SCHWABE
1ST DISTRICT, OKLAHOMA

HOME ADDRESS:
TULSA, OKLAHOMA

COMMITTEES:

INDIAN AFFAIRS
MINES AND MINING
PATENTS

Congress of the United States
House of Representatives

Washington, D. C.

August 1, 1945

Mrs. Lois Warren
102 House Office Building
Washington, D. C.

Dear Mrs. Warren:

I enclose herewith a letter addressed to me by
Mr. S. H. Davis, Vice President of Ozark Chemical Company
of this city.

Mr. Davis was in the office a few days ago and
had a conference with me on this subject. He is anxious
to have a bill introduced with the idea that if it becomes
a law Fluorspar will be granted a fifteen percent depletion
permanently, instead of the provision in the 1943 revenue
act granting this depletion for only the duration of the
war. He wants the same depletion granted with reference to
Fluorspar that has been assigned permanently to zinc, lead,
copper, gold, sulfur, potash, oil and most other mineral
products, with varying depletion percentages and, of course,
wants the percentage to be fixed at fifteen percent on
Fluorspar.

I promised Mr. Davis that I would present the
situation to the Legislative Counsel, with a request that
the counsel prepare an appropriate bill or resolution to be
introduced by me upon the reconvening of Congress this fall.
Hence, I wish you would kindly take this letter to the
Legislative Counsel with Mr. Davis' letter and request them
to prepare such a measure, and to return both letters to you,
with a copy of the proposed draft.

GBS:S
Enclosures

Very truly yours,

Geo. B. Schwabe
George B. Schwabe, M. C.



Ozark Chemical Company

Tulsa 1, Oklahoma

July 30, 1945

Hon. George B. Schwabe
14 Hunt Building
Tulsa, Oklahoma

Dear Mr. Schwabe:

Re: Termination of Percentage
Depletion on Fluorspar with
end of War.

It was good to talk with you in your office last Friday and to have the opportunity to tell you of the dilemma faced by the producers of fluorspar on the termination of percentage depletion on this mineral.

Inasmuch as you showed a desire to help us I will in this letter try to outline briefly to you the fluorspar industry in this country.

Fluorspar is produced in the following states in the order of their importance: Illinois, Kentucky, Colorado, New Mexico, Nevada, Texas, Utah, Arizona, California, Wyoming, and Idaho. Production by the last three states has been nominal.

The ore is produced in three grades; metallurgical, ceramic and acid grades. Metallurgical goes into the manufacture of open hearth steel; ceramic into glass and enamel; acid grade into the manufacture of aluminum, hundred octane gasoline, aerosol, freon and numerous other chemicals. As you know, aluminum, high octane gasoline and aerosol are very important products in the war effort, so much so that fluorspar was placed on the strategic and later the critical list of minerals and as such was free from the Excess Profits Tax. The fluorspar supply was so limited that the government thru its various agencies, particularly the War Production Board made every effort to stimulate domestic and foreign production and thru Metals Reserve paid a considerable premium for both foreign ores and domestic ores in some instances, principally in the Western States.

In the Revenue Act of 1943 Section 124 (e) fluorspar was granted fifteen percent depletion for the duration of the war. Senator George made the statement that it was not made permanent pending a study of what the rate should be. It is the termination of this depletion allowance that the fluorspar operators are concerned with. We feel it should be made permanent as is the case with zinc, lead, copper, gold, sulfur, potash, oil and most mineral products,

It would be much better to grant such depletion so that the industry may survive than to be faced with a shortage later.

Hon. Goerge B. Schwabe

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July 30, 1945

Our interest lies in the fact that we operate fluorspar mines in Illinois and ship the ore here to Tulsa where it is turned into hydrofluoric acid used by the refineries in making high octane gasoline.

We have secured the aid of Mr. Wisley E. Disney in this matter and yesterday I talked with him. Mr. Disney will be very happy to aid you in any way he can, such as contacting other members of Congress, and wants you to feel free to call on him for any assistance he may be to you in the matter.

Very truly yours,

OZARK CHEMICAL COMPANY

S. H. Davis
S. H. Davis
Vice President

SHD/bmd

79th
1st

Schwabe of Oklahoma

To make the provisions of the Internal Revenue Code granting percentage depletion with respect to fluorspar permanent.

That the first sentence of section 124(e) of the Revenue Act of 1943 (terminating percentage depletion for certain minerals) is amended to read as follows: "The amendments made by subsections (a) and (b) (except as they relate to potash), and the amendments made to section 114 of the Internal Revenue Code by section 145 of the Revenue Act of 1942 (except as they relate to fluorspar), shall not apply with respect to any taxable year beginning on or after the date of the termination of hostilities in the present war."