Mr. BARRETT. I think what you are referring to is the fact that when there are some improvements on any property, the real estate tax assessors come in immediately and increase the assessment.

Mr. RAINS. That is what I am referring to.

Mr. BARRETT. You mean that if a person lives in a historic house, and if he does not change the character of the house, then he ought to be given consideration for the expenditures in keeping up the place.

Mr. RAINS. That is what I mean, exactly. That is correct.

But I would also like to see estates in this country able to convey to the National Trust some of these wonderful properties and not be eaten up with taxes. What is the situation, Mr. Gray, as to what can be done about that now?

Mr. GRAY. Mr. Chairman, I should say, first, the National Trust is a tax-exempt organization and, in brief, has qualified for the 30 percent deduction, and thus, gifts to the National Trust are now exempt for income tax purposes.

But we have no arrangement in this country similar to what attains in the United Kingdom. There, as you know, where death duties, as they describe them, are more onerous than ours, the owner of one of these great properties dies, and after his estate is evaluated, which largely in many cases consists of the property itself, there is no way to pay the death duties. So that in England, they have developed a system under which a great historic house in such circumstances would be taken by the Treasury in lieu of taxes and conveyed by the Treasury to the English National Trust.

They also have an arrangement, though, in these situations which permits the family to continue to live in the house with certain obligations imposed upon them such as opening the house on a reasonable day to the public, usually in that country from May until October, and so there is a public benefit which derives from this tax arrangement.

While we are on the subject of taxes, Mr. Rains has referred to the reward, as it were, that we now give to people who own houses in letting—and letting them run down because the reverse is a penalty for putting them in good condition.

There are tax provisions, I think, that should be considered by the Congress. I think there should be developed the concept of historic easements which might be granted, either to a local governmental unit or even indeed to a private organization such as the National Trust which would be tax deductible. We started on this principle on scenic easements but there is no provision, as I understand it now, for historic easements.

I don't want to dwell too long on taxes, but one other thought occurs to me.

In this country, if the owner of a historic property should wish to give it, in his lifetime, to the National Trust, for example, his gift is tax deductible on a strictly actuarial basis if he hopes to live in it until his death—if he hopes to reserve it for the lifetime of his children. I feel, and I speak also for the Committee in this case, that when a true historic house should be given to the National Trust, even though a life estate is reserved by the occupant, by the donor, that it might qualify for full tax deduction and not on some actuarial basis.