

clear that the selling price of the stamps should be offset against the Federal costs of providing the postal service. However, the net cost to the Government of postal services is an assessment of sorts on general taxpayers and the net expenditures of the Department are therefore properly classified as a cost of Government in budget totals.

A different treatment is indicated, however, in the exercise of the Government's sovereign tax powers for the collection of highway excise taxes. The proceeds of such tax collections are earmarked for highway construction. Even though the taxpayer may regard such excise taxes as a "price for services rendered," the individual taxpayer's contributions are not in any direct way related to the particular highway services provided by the Government. The Federal Government retains complete allocative authority over the collected taxes and the taxpayer may never use the resource constructed or provided by the Government out of the highway excise taxes earmarked for the general purposes of highway construction. Accordingly, the collection of highway excise taxes and the expenditures for highway construction should not be netted in the budget.

By contrast, landing fees at the National Capital airports (operated by the Federal Government) and occasional landing fees at defense installations are market-oriented; their function is to reimburse costs, rather than to accomplish the broader purposes of regulation.

There is no present legislative prohibition against the President making these recommended changes on his own initiative. To do so would be essentially comparable to the change in the budget treatment of refunds of taxes, which since 1948 have been presented as deductions from receipts (quite properly in the Commission's view) rather than as expenditures. In this case, there is no legislative requirement for one treatment or the other, in spite of the fact that such refunds are appropriated much as though they were expenditures.

To institute these changes on an agreed basis, it may be appropriate for the Treasury, the Bureau of the Budget, and the General Accounting Office to agree explicitly on the once-for-all changes to be made. The items proposed for differing treatments by the Commission are, and will continue to be, separate accounts with the same degree of accounting support as at present.

It is worth stressing that the Commission's recommendations do not in any way alter present funding or appropriation arrangements at the detailed program level. Nor does the Commission wish to prejudice future choices with respect to whether certain activities should be financed by earmarked receipts rather than appropriations from the general fund, or vice versa. In each case, the Congress should continue to make these decisions on the merits of the particular case.

It will be noted that, with one exception discussed below, changes which would be made under the Commission's criterion would reduce total receipts