3. *The Administration's travel restriction proposals would be so costly and complex that they would effectively prevent the great majority of our citizens from traveling outside the Western Hemisphere.*

Although the details of the legislative program are known to the Committee, I would like to list them here for the purposes of reference.

They would briefly:

1. Impose a five percent tax on all transportation for travel beyond our borders, reagrdless of destination. This would be permanent on air travel and expire September 3, 1968 for sea travel;

2. Reduce to $10 the present $100 per prson duty-free exemption on goods bought abroad by travelers returning from all countries except Canada, Mexico and the Caribbean; and reduce from $10 to $1 the exemption accorded to unsolicited gifts purchased abroad; and

3. Impose a per diem tax on all non-Western Hemisphere travel expenditures over an exempt $7 a day; the next $8 would be taxed at 15% and all above that amount at 30%.

The last proposal would impose upon the traveler a monumental burden of paper work. On departure for a trip outside the Western Hemisphere, the traveler would make an estimated foreign expenditure tax declaration accompanied by a prepayment, and a declaration of how much cash and travelers checks he is taking with him, "subject to verification at the point of departure by Customs officials or other Treasury officials." Failure to comply involves a $200 penalty.

The traveler must pay within 60 days after his return any amount due beyond his estimated tax payment. He would include in his expenditures not only the difference in cash and travelers checks on leaving and returning, but also all advance payments, any personal checks cashed abroad, any credit-card expenses, any money received abroad (from home or foreign sources, such as banks) and any bills paid after returning.

In preparing to appear before this Committee, we studied carefully the statistics offered by Secretary Fowler on February 5 in support of his program. The real impact which it would have on the average American tourist is not apparent from these, specifically because they did not coincide either with our experience as an industry or with statistics which ASTA has assembled regarding expenditures on various types of travel overseas. In addition, they do not provide a sound criteria upon which to base such a punitive program. This obviously makes suspect the statistics offered by Secretary Fowler.

Let us, as a case in point, take the statement that U.S. travelers in the $5,000 and under group spend $9.63 per day on the average. In reading the statement one would assume that this group constituted a significant portion of all travelers. Actually, people with family incomes in this group constitute just under 10% of the travelers. And of particular interest is the makeup of this specific group held forth as a model.

Our investigations reveal that it is composed largely of the traveler who is visiting relatives in a European country, and whose principal expenditure is for transportation because he or she is staying with these relatives, and who, because of the cost of transportation involved, stay longer than the average traveler, thus making for the "average longer stay of 51 days" cited. This provides no basis for measuring the expenditures of the average traveler.

In estimating costs upon which the tax is based, the Treasury Department has overstated the cost of transportation and understated the per diem expenditures.

Under the actual proposal of the Treasury Department, the 5% transportation tax would be levied from the United States to the first port of entry where the traveler, after spending 12 hours, will come under the 30% rate for the rest of his travel, including transportation, in Europe.

The 5% will apply to his travel only from the United States to the point of entry, and from the departure port to the United States.

But in making the estimates of the effect of the 5% tax, the Treasury Department has used the basis of the farthest point of the trip and make no allowance for interim stops.

Thus, we see an example of an unrealistic estimate which tends to make the tax appear less severe.

There exists also a practical problem connected with the 5% transportation tax. Since the tax does not apply on transportation purchased outside the United States, some people are likely to go to Canada, Mexico or some other