(1) (A) THE EXTENSION OF THE TAX ON DOMESTIC TRANSPORTATION FARES TO COVER INTERNATIONAL AIR TRANSPORTATION, ETC.

We, as American citizens, do not regard it as appropriate to question the policy underlying the imposition of this tax; indeed, it would seem to us altogether appropriate that since there is a 5% tax on domestic transportation, there should be a similar 5% tax imposed on international air transportation.

(1) (B) A TEMPORARY GRADUATED TAX ON EXPENDITURES IN CONNECTION WITH TRAVEL OUTSIDE THE WESTERN HEMISPHERE

Today, if an American in peak season were to purchase a round-trip economy class ticket from New York to Rome, with as long a stopover as he might wish to enjoy in Ireland, the cost of the round-trip ticket, viz., $629.90, would be the same as if he purchased the ticket for a direct round-trip ticket to Rome.

Under the proposed graduated tax program, an American wishing to stop in Ireland for more than 12 hours, and then proceed to fly to Italy, would be obliged to treat the cost of air transportation from Ireland to Italy as part of the limited daily travel expenditures proposed under the travel tax program. The cost of air transportation from Ireland to Italy is somewhat in excess of $103 and accordingly, since the trip would take several hours, the traveler would definitively find that this cost of transportation would be subject to the travel expenditure tax. Thus, under the $7 expenditure allowance here proposed, an American traveling to Ireland, in order to limit the amount of his expenditure tax, would be obliged to spend all of time in Ireland.

Anyone who wishes, for a relatively short trip, to spend $103 subject to the expenditure tax on a trip from Ireland to Italy, would almost certainly find himself coming within the $15 limitation and therefore would be subjected to a tax on the cost of his transportation to Italy of 30% or approximately $32.00.

How serious this provision of the expenditure tax would be to tourism in Ireland is indicated by the fact that of Americans who devote part of their holiday in Ireland, 52% of those Americans whose first port of entry is Ireland, went onward to other countries outside the Western Hemisphere before returning home. It also appears that 30% of Americans who visit Ireland arrive there from the Continent of Europe. Of these, 72% then return directly to the United States after visting Ireland, and the other 28% return to Europe after concluding their stay in Ireland. (Survey of Travelers, 1964, Irish Tourist Board Publication)

Ireland remains a pastoral country—a country approximating the size of the State of West Virgina. While the population of Ireland is more than 50% greater than that of West Virginia, the gross personal income of the people of West Virginia is almost 50% greater than that of Ireland, and West Virginia is not one of the affluent States of the Union. Ireland's principal attractions to tourists are the beauty of its country side and the friendliness of its people. It can provide to visiting Americans neither exposure to the modern night clubs of Paris nor to the ancient ruins of Rome. It ought to be altogether clear, therefore, that if the expenditure tax is to apply to the cost of air transportation from Ireland to Rome or to Madrid or to Jerusalem, under the limitations imposed by the travel tax program that Americans tourists visiting Europe will be inclined to spend their holidays in countries on the Continent of Europe where so much can be seen and so much more experienced in the great urban centers of these countries and with so much to be seen within relatively short distances from these urban centers than they can experience in Ireland.

One need only examine the map of Europe to realize that Ireland is more remote from all other centers of Europe than any other country, and so for the reasons here indicated, the effect of subjecting transportation between the first and last stop outside of the Western Hemisphere to the expenditure tax in our view will be felt infinitely more severely by Ireland than by any other European country.

It has become apparent that the policy of our government is not so much to discourage travel abroad, as to discourage excess expenditures. We would suggest that the kind of Americans who are attracted to visit the pastoral countryside of Ireland will wish to organize their visits within the limitations imposed by the graduated expenditure tax program. We believe it will become altogether clear that it is not the tax alone, but the fact that the United States, by imposing the tax on excess expenditures, is in effect asking the American people to limit