

lated to a course of study leading to a degree" at a U.S. institution. We would point out that there are some valid educational programs that may not be covered by these terms. A student may spend one or more months living with a foreign family as a means of understanding the culture or learning to speak the language, and I can attest that this is a very fine way to do so from my own daughters, having spent the summer in France in the Experiment in International Living program last summer. A student may learn about foreign industry or business by serving as a trainee with a foreign company. Another student may work in an urban slum in order to study foreign urban problems. Educational exchange programs of these types might not be exempted under the present language but would be covered by the broader exemption which we are recommending.

For these reasons, we strongly recommend that students or teachers going abroad for even a short period of time not be required to pay taxes on any sums expended on their behalf by colleges, universities, secondary schools and organizations recognized as nonprofit by the Internal Revenue Service whenever these expenditures constitute part of the arrangement for bona fide educational exchange. This exemption should include payments for meals, housing, transportation, faculty salaries, instructional costs or administrative expenditures. We feel that this is the only sound way to protect such programs from severe damage by the proposed taxation.

There are three other recommendations which we would like to suggest to the committee. The first is a substantive recommendation and the second and third are technical in nature.

1. Many students, teachers, and professors travel abroad on educational missions (less than 120 days in length) which are of vital importance to their work but which are not sponsored by an institution or organization and therefore not covered by the exemption recommended previously, and I would point to the council's program this summer of securing \$100,000 from the various prefectures in Japan to provide scholarship programs to bring Japanese teachers to America to study English as the particular kind of thing that I am talking about.

In order to protect such missions from the restrictive effect of the proposed taxes we would recommend that such students, teachers and professors be exempted for all expenditures up to \$15 per day. It may not be feasible nor desirable to develop any system to certify the educational validity of these individual missions and therefore we hope that the committee will also find it desirable to extend this \$15 per day exemption to the general public as well. Such an exemption would be crucial to educational exchange programs should the committee, for any reason, not see fit to grant the general exemptions recommended in the previous paragraph.

2. Under present regulation the 5 percent transportation tax terminates at the first overseas destination at which the traveler spends more than 12 hours, and the cost of his transportation beyond this point is taxable as part of the per diem foreign expenditure tax at the rate of 15 percent and 30 percent. This places a very heavy tax burden on a student, teacher or professor or member of the general public who might find it necessary to lay over at a European or Asian gateway city en route to a more distant destination in Africa, the Middle East or Asia. A person traveling to Africa, Israel, India or Australia, for