

II. THE PROPOSED TRAVEL TAXES WILL HAVE A HARMFUL EFFECT UPON SUMMER STUDY PROGRAMS LIKE THOSE OF AIFS AND FLL

The adverse impact of the Administration's travel tax proposals upon summer study programs in Europe, such as those conducted by AIFS and FLL, will vary with the particular program but will in all cases be substantial. It will normally be greatest in the case of programs at schools in Southern or Eastern Europe or the Near East, which require substantial travel beyond the usual gateways in Western Europe. Taking as an example a 40-day AIFS Biblical History and Modern Israel course at the Hebrew University in Jerusalem (total cost to students is \$990), the following rough computations can be made:

Item	Expense	Tax
Round trip charter flight between New York and Milan, Italy.....	\$240	¹ \$12
Transportation from Milan to Tel Aviv and return to Rome.....	150	-----
Tuition and living expenses during 4 weeks at Hebrew University.....	150	-----
10 days' travel in Israel.....	100	-----
1 week's travel in Italy.....	100	-----
Cost of chaperone's services.....	50	-----
Out-of-pocket personal expenditures by student (\$3.75 per day for 40 days).....	150	-----
Total taxable expenditures ²	780	-----
Tax on expenditures ³	-----	78
Total tax per student.....	-----	90

¹ 5-percent ticket tax.

² This calculation assumes that the administration does not intend the expenditures tax to apply—and we sincerely trust this is the case—to that portion of study program fees which remain in the United States to pay for administrative and promotional expenses incurred here.

³ \$280 in expenditures are exempt (\$7 times 40 days); \$320 is taxed at 15 percent (\$48); and \$100 is taxed at 30 percent (\$30).

To be sure, the tax impact will normally be less severe in the case of study programs at universities or schools in England or France. With respect to these programs, we estimate the tax per student at about \$50. But even this amount will add more than 7 per cent to the cost of a \$700 FLL program.

Since many students enrolled in summer study programs come from cost-conscious middle-income families, the effect of the travel taxes will be considerable. We fear a sharp decline in the number of students engaged in summer study abroad, especially in programs in such countries as Israel or Greece, if Congress accepts the travel tax proposals in their present form.

With regard to summer study programs in 1968, firm arrangements were completed several months ago. The effect of numerous cancellations at this late stage would be extremely detrimental to the American sponsoring organizations, the European universities or schools involved and the airlines or shipping companies who have contracted to provide transportation.

III. THE PROPOSED EXEMPTION FOR STUDENTS ENROLLED IN BONA FIDE COURSES WHO REMAIN ABROAD FOR AT LEAST 120 CONSECUTIVE DAYS SHOULD BE MODIFIED TO COVER STUDENTS ENROLLED IN FOUR-WEEK SUMMER PROGRAMS

In his statement of February 5, 1968, submitting the Administration travel tax program to this Committee, Secretary of the Treasury Fowler reiterated the President's concern, as expressed in the State of the Union message, that reduction of foreign travel expenditures be achieved in a manner that would not unduly penalize the travel of teachers and students. Secretary Fowler also pointed out that only 5 per cent of American overseas travelers go abroad to study or teach. Yet in implementing this stated concern for students participating in educational programs abroad, the Administration's tax proposal provides exemption only where such students remain abroad for "at least 120 consecutive days."

As noted above, American high school students and teachers who utilize the summer programs conducted by AIFS, FLL and similar educational organizations are without exception enrolled in formal courses of study at recognized educational institutions. But since high school students and teachers must enroll in those courses between the regularly scheduled semesters of their schools in