

COLUMBIA ARTISTS MANAGEMENT, INC.,
New York, N.Y., February 29, 1968.

HON. WILBUR D. MILLS,
Chairman, House Committee on Ways and Means,
1102 Longworth House Office Building,
Washington, D.C.

DEAR SIR: As the attorneys for Columbia Artists Management, Inc. ("CAMI"), we have been asked to set forth its views with respect to the proposed travel tax now being considered by your Committee. It is requested that this statement be included in the printed record of the hearings.

CAMI is entirely sympathetic with the Presidential purpose of deferring "non-essential travel outside the Western Hemisphere for two years" (statement of the Secretary of State before the Committee, February 5, 1968, at p. 23). It does, however, consider as ill advised the penalizing of normal business travel which is essential or important to the interests of the United States and its business enterprises.

The situation which obtains with respect to CAMI is, we believe, a good illustration of the unwise reach of the proposed travel tax.

CAMI's principal activity is the management of concert artists and attractions and the procuring of concert, recital, ballet and other engagements for such artists and attractions.

One part of this activity requires that officers and employees of CAMI travel out of the Western Hemisphere for the purpose of arranging concert tours and the like for American concert artists. This type of activity not only has the important effect of propagating this country's cultural attainments throughout the world, but also results in a net flow of funds into the United States.

A different and somewhat more extensive type of activity involves traveling abroad for the purpose of arranging for foreign attractions to come to the United States on concert tours, thus providing the American people with the full measure of musical culture which the world's artists can provide. This cultural interchange is obviously very important. In addition, virtually no outflow of funds is generated because most of the attractions which CAMI brings to the United States are not profit making enterprises. More often than not, these groups, such as the Berlin Philharmonic, Concertgebouw Orchestra of Amsterdam and the Royal Danish Ballet, are subsidized by foreign governments and foreign foundations and expend more money in connection with their tours within the United States than they derive from such tours.

In any event, it is clear that the principle business activity of CAMI requires extensive travel by its officers and employees out of the Western Hemisphere. None of it is "nonessential" for CAMI and none of it ought to be considered "non-essential" for the United States. CAMI has no subsidiary, affiliate or branch office outside of the Western Hemisphere and does not wish now to establish one. In such a case, the proposed travel tax would have the harsh and probably unintended impact of producing a sharp increase in the cost of carrying on its normal and, we believe, useful business functions. This result is in glaring contrast to the generally understood thrust of the proposed travel tax which is simply to encourage the average American tourist to defer his pleasure trip to Europe.

SUMMARY AND RECOMMENDATIONS

For these reasons, we respectfully urge that the Committee consider a modification of the proposed travel tax so as to eliminate from its coverage bona fide business travel. It would be in order, of course, to place the burden of proof on this issue on a potential taxpayer; however, since workable principles and standards in this area have already been established for purposes of the federal income tax laws, this should not be too difficult a problem either for the taxpayers or for the administrators of the program.

Respectfully submitted,

ROSENMAN, COLIN, KAYE, PETSCHKE, FREUND & EMIL.

SERVICE TOOLS INSTITUTE,
New York, N.Y., February 28, 1968.

HON. THOMAS B. CURTIS,
U.S. House of Representatives,
Longworth Building, Washington, D.C.

DEAR CONGRESSMAN CURTIS: Since the present crisis in our balance of payments situation calls for immediate action to limit the outflow of American