would not keep up with the need unless there were periodic increases in the tax rates.

It can also be argued that people will not benefit from public broadcasting in proportion to the amount they spend on TV sets. And finally, such a tax would be regressive because low-income people spend a higher proportion of their income on television sets than high-income people and would, therefore, pay a higher proportionate tax.

A NEW TAX ON THE GROSS REVENUES OF COMMERCIAL BROADCASTERS

The rationale for a tax on gross revenues of commercial broadcasters would be that the frequency spectrum is a public resource to begin with, and that a portion of the economic returns from its commercial use can appropriately be dedicated to sharing the costs of public broadcasting. It is, of course, a statutory requirement under the Federal Communications Act that applications meet the test of public interest, convenience, and necessity. A gross revenue tax would be an extension of that well-established principle.

Gross revenues of radio and television broadcasters currently total about $3 billion and have been growing nearly 10 percent annually. A tax on gross revenues would change over time roughly in proportion to changes in programing costs for the broadcasters. Thus, the revenue would grow and maintain a reasonable relationship to the financial needs of public broadcasting.

On the other hand, it is possible that a large share of such a tax would be passed on to consumers through increases in the retail price of products advertised on the broadcast media. The portion of the tax passed on would be highly regressive, since the products accounting for the largest share of broadcast revenues—automobiles, beer, cosmetics, nonprescription drugs, soap, and tobacco—account for a much larger proportion of expenditures by low-income and middle-income families than by high-income families.

USE OF GENERAL REVENUES

General tax revenues might legitimately be called on to finance public broadcasting on the grounds that there is a general benefit to the public from the activities of the Corporation. This approach, supported by classic public finance doctrine, would not exhibit the regressive tax tendency of the foregoing approaches.

On the other hand, some people would reject this approach on the grounds that general fund financing entails strict budgetary controls. Nevertheless, it is possible that the Executive and the Congress could work out some satisfactory arrangement that would permit review periodically but not annually.

For example—

Provide for paying of general fund revenues into a trust fund according to a statutory formula—perhaps related to the total number of public television and radio stations—and authorize appropriations for a 3-year period to be made all at one time.

Provide that all payments into a trust fund established by law would be paid automatically to the Corporation unless the Congress took negative action to prevent such payment.