

Mr. MACDONALD. You represent the Bureau of the Budget. In many ways you have the final say of what goes into the budget or not, your superiors or somebody who talks to the President does. Therefore, I would like to have it clear on the record, which I think it now is, that the jurisdiction of this bill, which was fathered and perhaps even mothered by this committee, stays right here, and not by testimony be taken away from us.

Mr. CAREY. That is certainly the farthest thing from my intentions.

Mr. MACDONALD. I would like to point out that if this committee does not pass this bill, it will never see the light of day. I would think, if you are in support of the bill, as Chairman Staggers mentioned, you would make it clear that the appropriate committees were the four that I have just stated. If you are now saying that, then, of course, I withdraw my comments about your testimony.

Are you all three saying that?

Mr. CAREY. I would think so.

Mr. COSTON. Mr. Chairman, let me try to nail it down.

This act is an amendment to the Communications Act of 1934. Changes in the act also have to amend that act. I don't think anybody argues the jurisdiction of the Interstate and Foreign Commerce Committee with respect to the Communications Act of 1934.

Mr. CAREY. Exactly. I agree completely.

Mr. BRANNAN. Yes.

Mr. MACDONALD. My last question seems perhaps even to myself a little offbeat.

If you utilize a user tax, isn't that a form of pay TV? Aren't these people paying for something that is presently in the domain of free TV?

Mr. CAREY. May I ask Mr. Brannan to comment first?

Mr. MACDONALD. Yes.

Mr. BRANNAN. I would say no, on the grounds that until 1965 we have had a set tax on televisions which we did not regard as pay TV. This was a tax paid at the time the set was purchased. It similarly applied to purchases of radios and cameras. We had quite a few excise taxes that we repealed in 1965. It was certainly not a thing that varied with whether or not you turn on the program, which is the real feature of pay TV.

Mr. MACDONALD. Do you all agree with that statement?

Mr. CAREY. I agree.

Mr. MACDONALD. Thank you very much.

Mr. Kornegay?

Mr. KORNEGAY. Thank you, Mr. Chairman.

To follow up that thought, the theory behind the tax, though, on most of the excise taxes, is the luxury aspects of it. You added it on many items that were generally considered to be luxuries. The taxes grew out of taxes imposed on certain commodities during World War II.

Mr. BRANNAN. Let me answer that that could be said of some of the excise taxes. It wasn't very consistent. It was partly because the Congress was not satisfied with that—that the taxes did serve to tax luxuries—that they were willing to repeal them.

Mr. KORNEGAY. It is always easy to go to those things or place a tax on those things which you justify the easiest. Of course, the luxury