

Item 4

N. Tomazulo

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EXCISE TAXES

SUMMARY OF RECOMMENDATIONS
FOR REVISIONS
GIVEN IN TESTIMONY
BEFORE THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ON
JULY 21, 22, 23, 24, 27, 28, 29, 30, 31
AND
AUGUST 3, 1964



Staff of the Joint Committee on Internal Revenue Taxation

U.S. GOVERNMENT PRINTING OFFICE

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J. Martin Winton, California Grassland Water Districts and the California Wildlife Federation.....		960

10. *Exemption now granted swimming and skating facilities should be extended to cover all mutually owned park and recreational facilities:*
Leonard Silverstein, National Association of Home Builders----- 978
11. *Clarify section 4241 so that bowling league members would not be liable for club dues tax:*
C. E. Goldberg, chairman, executive committee, Bowling Proprietors Association of America----- 802

II. ADMISSIONS

1. General admissions:

(a) *To exempt motion pictures:*

- (1) La Mar Sarra, cochairman, National Tax Campaign Committee, Council of Motion Picture Organizations----- 1166
- (2) Lester B. Issac, international representative, International Alliance of Theatrical Stage Employees & Motion Picture Operators of the United States and Canada----- 1170
- (3) Roy B. Cooper, president, Northern California Theatre Association----- 1172
- (4) Mayor Robert F. Wagner, New York----- 1173
- (5) Milton H. London, president, Allied Theatres of Michigan, Inc----- 1173
- (6) Harry Goldberg, Washington Crossing, Pa----- 1174
- (7) Martin H. Newman, vice president, Century Theatres, Inc----- 1174
- (8) Moving Picture Machine Operators Union of the International Alliance of Theatrical Stage Employees & Moving Picture Machine Operators of the United States and Canada, Steve D'Inzillo, New York business representative----- 1176
- (9) Emanuel Frisch, Randforce Amusement Corp., Brooklyn, N.Y----- 1176

(b) *To exempt live theater:*

- (1) Hon. John V. Lindsay, Representative in Congress from the State of New York (his bill, H.R. 2518 would exempt live dramatic and musical)----- 1177
- (2) Harold Prince, president, National Association of the Legitimate Theatre, Inc., and president, League of New York Theatres, Inc----- 1178
- (3) John F. Wharton, National Association of the Legitimate Theatre, Inc., and the League of New York Theatres, Inc. (also repeal additional taxes on sales outside box office or sales by proprietor in excess of regular price)----- 1180
- (4) David Merrick, National Association of the Legitimate Theatre, Inc., and the League of New York Theatres, Inc----- 1183
- (5) Jack Golodner, legislative representative, Actors Equity Association----- 1197
- (6) Musical Arena Theatres Association, Edward O. Lutz, executive director----- 1203

(c) *Miscellaneous:*

- (1) Advocates his bill, H.R. 12045, to exempt admissions to motion pictures, exhibits, carnivals, rodeos, and circuses promoted and sponsored in municipally owned facilities:
Hon. Horace R. Kornegay, Representative in Congress from the State of North Carolina----- 1165
- (2) To exempt admissions to travel attractions:
James C. Gross, executive director, National Association of Travel Organizations----- 1205
- (3) To broaden the exemption for athletic events so that post-season college games for the benefit of non-profit hospitals are covered (H.R. 8854):
A. F. Dudley, president, Liberty Bowl Charities, Inc., Philadelphia, Pa----- 1205

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1. General admissions—Continued	
(c) <i>Miscellaneous</i> —Continued	
(4) The admissions tax for racetracks should be the same as on other forms of amusement or entertainment (same rate and same exemptions):	
(i) Devereux Milburn, counsel, Thoroughbred Racing Associations, exhibit A-----	1254
(ii) Franklin E. Devlin, president, Harness Tracks of America-----	1264
2. Cabaret taxes:	
(a) <i>Repeal the cabaret tax:</i>	
(1) Hon. Thomas M. Pelly, Representative in Congress from the State of Washington-----	1208
(2) Hon. Clement J. Zablocki, Representative in Congress from the State of Wisconsin-----	1209
(3) Arthur J. Packard, chairman, Governmental Affairs Committee, American Hotel & Motel Association--	1211
(4) A. W. Zelomack, American Federation of Musicians AFL-CIO-----	1216
(5) Ira H. Nunn, legislative counsel, National Restaurant Association-----	1220
(6) Robert Zanville, Restaurant Beverage Association of Washington, D.C., and National Licensed Beverage Association-----	1226
(b) <i>Consider enactment of statutory guidelines for distinguishing between ballrooms and cabarets; certain tests proposed in exhibit C on page 1243:</i>	
National Ballroom Operators Association, Donald J. Brown, general counsel-----	1231

III. COMMUNICATIONS

1. Telephone taxes:	
(a) <i>Recommends H.R. 8166, which provides a gradual reduction in the rates of telephone taxes of 2 percent each year; complete elimination in 5 years:</i>	
Hon. H. Allen Smith, Representative in Congress from the State of California-----	1083
(b) <i>Recommends repeal of telephone taxes:</i>	
(1) Hon. Leonor K. Sullivan, Representative in Congress from the State of Missouri-----	346
(2) Hon. H. Allen Smith, Representative in Congress from the State of California-----	1083
(3) Alexander L. Stott, vice president, American Telephone & Telegraph Co-----	1085
(4) William C. Mott, executive vice president, United States Independent Telephone Association-----	1103
(5) David C. Fullarton, executive manager, National Telephone Cooperative Association-----	1119
(6) Hon. Walter S. Baring, Representative in Congress from the State of Nevada-----	1121
(7) Joseph A. Beirne, president, Communications Workers of America, AFL-CIO-----	1122
(8) J. D. Orchard, president, Nevada Telephone Association-----	1123
(9) H. R. Wilbourn, Jr., president, Allied Telephone Co., Little Rock, Ark-----	1124
(10) National Association of Railroad & Utilities Commissioners, Everette Kreeger, secretary-----	1129
(11) Hon. Clement J. Zablocki, Representative in Congress from the State of Wisconsin-----	1209
2. Telegrams:	
<i>Exempt from tax:</i>	
(1) G. Stewart Paul, vice president and director, Western Union Telegraph Co-----	1124
(2) Commercial Telegraphers' Union, E. L. Hageman, international president-----	1128
(3) National Association of Railroad & Utilities Commissioners, Everette Kreeger, secretary-----	1129

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3. Wire and equipment:	
(a) <i>Repeal the tax:</i>	
(1) John J. Mitchell, Twin Coast Newspapers, Inc.....	1130
(2) Francis J. Hughes, general counsel, Association of Stock Exchange Firms.....	1160
(b) <i>Reduce the tax from 8 percent to 3 percent:</i>	
(1) G. Keith Funston, president, New York Stock Ex- change.....	1158
(2) John R. Haire, chairman, Federal Taxation Commit- tee, Investment Bankers Association of America.....	1160
(c) <i>Exempt from the wire and equipment tax background music service transmitted by wire:</i>	
(1) Charles C. Cowley, president, Muzak, a division of Wrather Corp.....	1138
(2) Emerson A. Alburty, president and general manager, Business Music Corp., Memphis, Tenn.....	1141
(d) <i>Exempt burglar and fire alarm equipment from the wire and equipment tax:</i>	
Malcolm Goldstone, president, Owl Protective Co., Inc., National Burglar & Fire Alarm Association, Central Station Electrical Protection Association, and Central Office Alarm Co., Inc.....	1151
(e) <i>Remove the tax on radio common carrier services:</i>	
Boyd King, director, National Mobile Radio System.....	1162
(f) <i>Amend the law so that the microwave relay service for community antenna television is not taxable as wire mileage for the period 1959-62:</i>	
Robert D. L'Heureux, general counsel, National Com- munity Television Association, Inc.....	1155
4. <i>Repeal of all communications taxes:</i>	
(1) Hon. Abraham J. Multer, Representative in Congress from the State of New York.....	175
(2) Godfrey A. Stamm, managing director, Broadway Association, Inc.....	234
(3) Chicago Association of Commerce and Industry, Herbert V. Prochnow, president.....	236

IV. TRANSPORTATION

1. <i>Repeal the tax:</i>	
(a) Hon. Abraham J. Multer, Representative in Congress from the State of New York.....	175
(b) Godfrey A. Stamm, managing director, Broadway Associa- tion, Inc.....	234
(c) Hon. Clement J. Zablocki, Representative in Congress from the State of Wisconsin.....	1209
2. <i>Include steamship travel with air travel as part of uninterrupted inter- national transportation for tax purposes and extend the time limit for connecting transportation from 6 to 12 hours:</i>	
(a) Hon. John M. Murphy, Representative in Congress from the State of New York.....	1163
(b) Pacific American Steamship Association, John M. Thurman, vice president (submitted proposed amendment).....	1164
(c) American Merchant Marine Institute, Inc., Alvin Shapiro, vice president.....	1165

V. OCCUPATIONAL TAXES—BOWLING ALLEYS, ETC.

<i>Repeal the tax:</i>	
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E. RECOMMENDATION FOR ALCOHOLIC BEVERAGE TAXES

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hearings

1. Beer:		
(a)	<i>In July of 1965, cut the beer tax to the pre-Korean rate of \$8 a barrel and, as soon as possible thereafter, reduce the rate to the 1940 tax rate of \$6 a barrel. Allow the tax to be paid on the basis of the brewers' records in the same way that income taxes and manufacturers' taxes are paid:</i>	
	Clinton M. Hester, counsel, United States Brewers Association.....	981
(b)	<i>Reduce the tax on beer to \$6 a barrel:</i>	
	Russell H. Hopkins, executive manager, National Beer Wholesalers' Association of America.....	995
(c)	<i>Grant a tax reduction of \$2 a barrel for the first 100,000 barrels per brewery:</i>	
	(1) Thomas E. O'Neill, attorney, Brewers' Association of America.....	1004
	(2) Mr. Clinton M. Hester opposes this recommendation.....	981
2. Wine:		
	<i>Reduce the tax on natural sparkling wines from \$3.40 to \$1 per gallon and on artificially carbonated from \$2.40 to 50 cents per gallon:</i>	
	(1) Grayton H. Taylor, chairman, Wine Conference of America.....	1030
	(2) National Association of Alcoholic Beverage Importers, Inc., John F. O'Connell, president.....	1056
3. Distilled spirits:		
	<i>For a minimum, cut the distilled spirits tax to the pre-Korean rate of \$9 per proof gallon and eventually reduce the tax to \$6.</i>	
	(1) Tax Council of the Alcoholic Beverage Industries, Charles W. Bryant, executive director.....	1042
	(2) National Association of Alcoholic Beverage Importers, Inc., John F. O'Connell, president.....	1056
	(3) Distillery, Rectifying, Wine & Allied Workers' International Union of America, Nathan P. Voloshen, legislative representative.....	1060
4. Cider:		
	<i>Exempt sparkling cider from tax (wine rates now apply):</i>	
	(1) Monsieur Henri Wines, Ltd., Brooklyn, N.Y., Herbert Feinberg, vice president.....	1057
	(2) British-American Chamber of Commerce, A. P. Spooner, general manager.....	1058

F. RECOMMENDATIONS FOR TOBACCO TAXES—CIGARS

Change from the bracket system to a manufacturers tax of 8 percent with a maximum rate of \$20 per thousand:

(1)	Leon Singer, counsel, Cigar Manufacturers Association of America.....	1065
(2)	Clarence M. Weiner, economist, Cigar Manufacturers Association of America.....	1068

G. GENERAL EXCISE TAX RECOMMENDATIONS

1. Eliminate selective excise taxes:		
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(b)	Lewis D. Spencer, Federal Excise Tax Council.....	195
(c)	John W. Overholser, Montrose, Colo.....	369
(d)	International Union of United Brewery, Flour, Cereal, Soft Drink & Distillery Workers of America, Arthur P. Gildea, secretary-treasurer.....	1064
(e)	Frazar B. Wilde, chairman, Tax Subcommittee, Committee for Economic Development.....	222

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2. <i>Value added tax:</i>	
(a) Value added tax should be substituted for the corporate income tax:	
(1) Joel Barlow, chairman, Committee on Taxation, Chamber of Commerce of the United States.....	123f
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(b) Study value added tax:	
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(c) Excise tax cuts should not be used as justification for a value added tax:	
Nathaniel Goldfinger, director, Department of Research, American Federation of Labor & Congress of Industrial Organizations.....	178
3. <i>Replace the selective excises with a low rate uniform excise tax:</i>	
(a) Advocates:	
Joel Barlow, chairman, Committee on Taxation, Chamber of Commerce of the United States.....	123f
(b) Opposes:	
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(1) Excise tax reduction should be designed to diminish the regressive impact and reduce administrative problems	
(2) Committee should make clear its intent that tax cuts be passed on to the consumer.	
(b) Lewis D. Spencer, Federal Excise Tax Council.....	195
(1) To reduce all ad valorem excises to a uniform rate.	
(2) Eliminate the burden of proof requirement of section 6416(a)(1) when the tax is not separately stated.	
(3) Provide a credit for sales which become wholly or partially uncollectible.	
(4) Adopt a provision clarifying the problem of combination sales and uses.	
(5) To clarify the statute of limitations in section 6501 by defining what constitutes filing of a return.	
(c) Arnold J. Hoffman, attorney, New York, N.Y.....	405
Modify the requirements for bringing legal action on Federal excise tax matters.	
(d) William H. Bulkeley, president, National Social Welfare Assembly, Inc.....	396
Grant excise tax exemption to all organizations exempt under sections 501(a) and 501(c)(3).	
(e) Donald Cordes, vice chairman, Council on Government Relations, American Hospital Association.....	400
To exempt all nonprofit hospitals.	
(f) Leslie C. Hackler, Jr., tax counsel, Gibson Discount Co., Dallas Tex.....	354
(1) If repeal not favorable, replace the retail taxes with manufacturers' taxes;	
(2) Give the Tax Court jurisdiction to hear excise cases; or	
(3) Let the U.S. district courts hear tax cases without the tax being paid first.	

