

PHL
Comments?

Mark below

Will Mark
What next?

5/11/71

May 8, 1971

Honorable Bailey Olter
Chairman, Senate Committee on
Ways and Means
Congress of Micronesia
Moen, Truk Islands District 96942

Ed [unclear]

[Handwritten signature/initials]

file - [unclear]

Dear Senator Olter:

Thank you for this opportunity to testify on Senate Bill No. 116, which proposes important amendments to Public Law 4C-2. With your permission, we would like to confine our testimony to one small portion of that bill, specifically, that which would exempt Peace Corps Volunteers from paying wages and salaries tax on their living allowances.

We appear before this Committee today not in our capacity as staff members of this Congress, but as individual Peace Corps Volunteers. We also want to make it plain that our views do not necessarily represent in any way the views of Peace Corps or of any other volunteer.

We submit, Mr. Chairman, that the subject provision is contrary to every ideal for which the Peace Corps stands. A Peace Corps Volunteer does not enter a country to receive special treatment; he is there to help, and in helping, is expected to live as his host-country counterparts live. His living allowance is decided on the basis of what most closely approximates an average salary paid to a host country national. The idea behind the Peace Corps is that Volunteers should approximate, as closely as possible, the life style existing in the area in which they serve.

To give Peace Corps Volunteers favorable treatment by exempting their living allowance from taxation is not in furtherance of such a principle. If a Micronesian must pay tax, so should a Peace Corps Volunteer. When we are in Micronesia, we expect to be treated no more, and no less, favorably than a Micronesian.

It has been suggested that Peace Corps Volunteers already contribute sufficiently to the Government by their service. We are extremely flattered by such statements. But we cannot measure contribution in terms of service alone. We view our obligation to the Congress as a financial one as well as one of service, as long as Congress decides that others are to have a financial obligation.

Nor will the imposition of a three percent tax place a significant burden upon the volunteer. Living allowances in Micronesia range from \$95 to \$140 per month. A tax amounting to three or four dollars per month is small indeed; many of us waste much more than this each month in far less worthwhile ways.

IV

136
22

430864

Honorable Bailey Olter

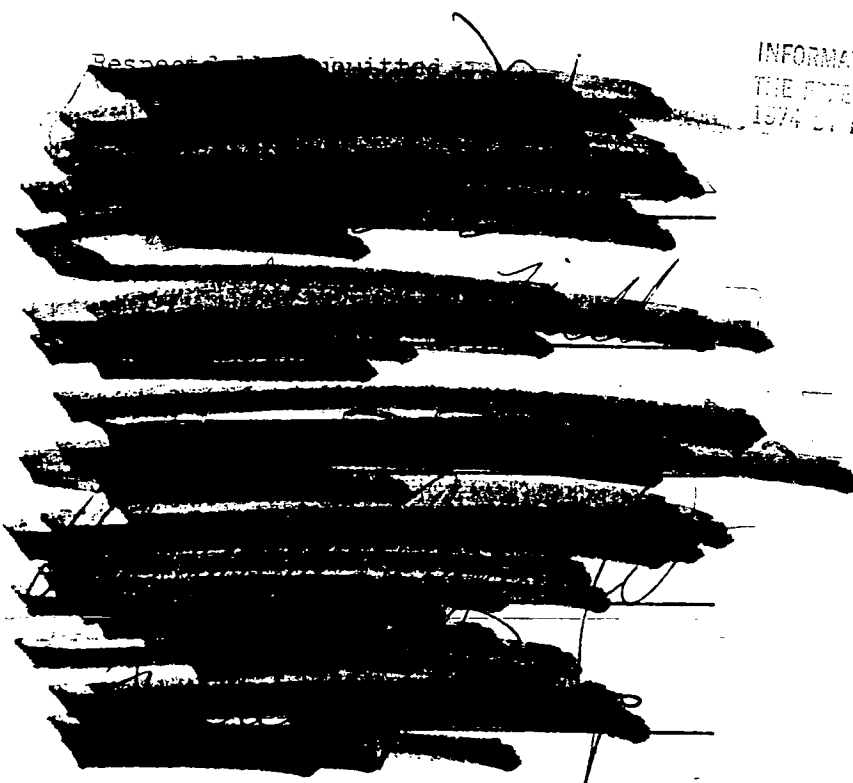
Page 2

May 8, 1971

Additionally, it could be expected that Peace Corps may raise the living allowance of Volunteers to cover the added burden of the tax. Since the living allowance is based on the cost of living, and since a tax is a part of the cost of living, the living allowance could be adjusted upward accordingly. This has the effect of shifting the burden of the tax not to the volunteer, but ultimately to the Peace Corps itself. Since the United States Government can much more easily afford to do without the approximately \$15,000 that the tax on living allowances will bring than can the Congress of Micronesia, we would much rather the Congress have the benefits of this additional revenue than do without it. Those funds available to the Congress are not so numerous that we can afford to make charitable exemptions where the exemption serves no charitable purpose.

Again, Mr. Chairman, we do not ask for favorable treatment, and do not want it. We express our unequivocal opposition to this provision.

Thank you.

Respectfully submitted,


INFORMATION DELETED UNDER 5 U.S.C. 552 (b) (6).
THE FEDERAL INFORMATION ACT, AS AMENDED IN
1974 BY PUBLIC LAW 93-502.

cc: Hon. Joseph Blatchford, Director, PC/Washington
Philip Waddington, Director, EAP region, PC/Washington
Lawrence Johnson, Director, PC/Micronesia
District Directors, PC/Micronesia

✓
22-430865
137
6