The Taxation Threat to the Progress of American Physics

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Chairman of the Governing Board American Institute of Physics

The threat

Published newspaper and magazine articles, private communications, and oral reports in recent months have posed this threat: the Internal Revenue Service is thinking seriously of taxing income derived from subscriptions and from advertising in the journals of such tax-exempt organizations as the American Institute of Physics and its member societies as well as other scientific organizations.

The basis of such action is a 1950 law designed to tax income derived from engaging in a trade or business unrelated to the tax-exempt purposes of an organization. IRS is studying whether or not sale and publication of advertising in journals contributes significantly or importantly to the purposes for which tax exemption has been granted to such organizations as the AIP and its member societies. Our contention is that the advertising which appears in our journals is for the purpose of informing physicists on subjects directly connected to their work in physics and is educational in character.

While no official announcement has been made by the Internal Revenue Service, a series of newspaper interviews with officials of IRS indicates that studies leading to new tax regulations are now in process. It has been reported that the IRS will issue an order on such taxation in the near future.

What it would mean to AIP and its Member Societies

The American Institute of Physics and its member societies publish in their journals 25 percent of the world's original research articles on physics, without which progress in physics would be seriously handicapped. In addition, the Institute, with the approval of its member societies and in their behalf, constantly seeks to promote quality education of students from secondary school through graduate school, to improve methods of scientific communication and to devise new techniques of dissemination of technical knowledge, and to promote a better public understanding of physics and science.

Publication of research reports, and the numerous other educational activities of the Institute and member societies, have been made possible by four major sources of revenue: society dues, subscriptions to the journals, page charges, and advertising. All are vital to operation of the Institute and its member societies.

No statement has been made by IRS on the accounting procedures which will determine what costs the IRS will allow against advertising and subscription income in defining taxable income. It is certain, however, that any taxation of such income will cripple seriously the broad educational activities of all physics organizations.

Physicists have always regarded publication of research as a logical and important step in the research process. A scientist does not feel that the work in his laboratory is complete until the results of his investigations have been published and exposed to the critical appraisal of his colleagues. In the opinion of the AIP and its member societies, publication is a vital ingredient in completing the work done in the laboratory and an essential function of professional organizations and societies which are now tax-exempt. Any new taxation which interferes with such publication will seriously affect the advancement of physics.

The remedy

Two identical bills to prevent this type of taxation have been introduced in the House of Representatives, H.R. 1191 by Congressman John C. Watts (D) of Kentucky on January 4, 1965, and H.R. 5650 by Congressman Thomas B. Curtis (R) of Missouri on March 2, 1965. They are now before the House Committee on Ways and Means.

The identical bills have the purpose of making it clear that subscription and advertising income of such journals as those published by the Institute and its member societies shall not be taxed.

What you can do about it

Physicists may wish to express an opinion in favor of these bills by writing to Congressman Wilbur D. Mills, of Arkansas, Chairman of the House Committee on Ways and Means, to members of the committee from their own states, and to their own Congressmen. Prompt, favorable action by the committee on these bills is highly desirable.

Listed below, for your convenience, are names of members of the Committee on Ways and Means.

Democrats

Wilbur D. Mills (Ark.) ...... *Chairman*

Cecil R. King (Calif.)	Clark W. Thompson (Tex.)
Hale Boggs (La.)	Martha W. Griffiths (Mich.)
Eugene J. Keogh (N. Y.)	W. Pat Jennings (Va.)
Frank M. Karsten (Mo.)	George M. Rhodes (Pa.)
A. Sydney Herlong, Jr. (Fla.)	Daniel Rostenkowski (Ill.)
John C. Watts (Ky.)	Phil M. Landrum (Ga.)
Al Ullman (Ore.)	Charles A. Vanik (Ohio)
James A. Burke (Mass.)	Richard Fulton (Tenn.)

Republicans

John W. Byrnes (Wis.)	Herman T. Schneebeli (Pa.)
Thomas B. Curtis (Mo.)	Harold R. Collier (Ill.)
James B. Utt (Calif.)	Joel T. Broyhill (Va.)
Jackson E. Betts (Ohio)	