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**TAX ON BOWS AND ARROWS**

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OCTOBER 16, 1972.—Ordered to be printed

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Mr. FANNIN (for Mr. LONG), from the Committee on Finance,  
submitted the following

**REPORT**

[To accompany H.R. 11091]

The Committee on Finance, to which was referred the bill (H.R. 11091) to provide additional funds for certain wildlife restoration projects, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

**I. SUMMARY**

The House-passed bill amends the Internal Revenue Code of 1954 (sec. 4161) to provide an 11-percent tax on the sale by a manufacturer or importer of bows and arrows. This tax applies to all bows that have a draw weight of 10 pounds or more and all arrows which measure 18 inches or more in length. In addition, the bill applies the tax on sales by a manufacturer or importer of quivers and of parts or accessories which are suitable for inclusion in or attachment to a taxable bow or arrow. The purpose of the bill is to provide additional funds for the carrying out of wildlife restoration projects and hunter safety programs. For this reason, the bill also earmarks these funds for the Wildlife Restoration Fund. The committee accepts this House-passed bill without change.

**II. GENERAL STATEMENT***Wildlife restoration fund*

Under present law (Pittman-Robertson Act) an amount equal to the funds derived from the 11-percent tax on firearms (other than pistols and revolvers) shells, and cartridges is now deposited in a special fund in the Treasury known as the Federal aid to wildlife restoration fund. After deducting administrative expenses, not to exceed 8 percent, the Secretary of the Interior is directed to distribute the remainder of the funds on an annual basis among the States for

the purpose of carrying out wildlife restoration projects, such as the purchase and improvement of land and water areas for wildlife conservation and the maintenance and management of such areas and their resources. Any projects approved by the Secretary of the Interior are carried out on a 75 (Fed.)-25 (State) matching fund basis. One-half of the funds are apportioned among the States on an area basis and the other one-half on the number of paid hunting license holders in a State: Provided that no State shall receive less than one-half of 1 percent nor more than 5 percent of the total amount apportioned.

In 1970, the law was amended to transfer an amount equal to the 10-percent tax on pistols and revolvers—formerly deposited in the general fund of the Treasury—to the Federal aid to wildlife restoration fund. One-half of the revenue covered into the fund from the tax on pistols and revolvers is now apportioned among the States on the same basis as the tax on firearms, shells, and cartridges is apportioned. The other one-half of the revenue covered into the fund from the tax on pistols and revolvers is apportioned among the States on the basis of population: Provided that no State is to receive less than 1 percent nor more than 3 percent of such revenues. Also, under the 1970 amendment to the law, each State is authorized to use the funds apportioned to it—on the basis of population—to pay up to 75 percent of the costs of carrying out a hunter safety program and the construction, operation, and maintenance of public outdoor target ranges, as a part of such program.

The bill amends section 3 of the Pittman-Robertson Act to provide that in addition to the amount covered into the fund from the 11-percent tax on firearms, shells, and cartridges, and the amount covered into the fund from the 10-percent tax on pistols and revolvers, an amount equal to the revenues to be collected from the new 11-percent tax on bows and arrows, parts, and accessories—provided under title II of this bill—would also be covered into the Federal aid to wildlife restoration fund in the Treasury. Such funds would be authorized to be appropriated and made available until expended to carry out the purposes of the act.

In rewriting section 3 of the act, the provision providing for exemptions to the tax enumerated in section 4182 of the Internal Revenue Code is retained. The provision—which is primarily applicable to the 11-percent tax on firearms, shells, and cartridges, and the 10-percent tax on pistols and revolvers—exempts such items from the tax imposed by section 4181 of the Internal Revenue Code when sold to the Department of Defense. In addition, it exempts machine guns and short barreled firearms from such tax if a tax has been paid on such items under section 5811 of the Internal Revenue Code.

The bill also amends that portion of section 4(b) of the act which precedes the proviso to provide that one-half of the revenues that would accrue to the fund under this act each fiscal year—beginning with fiscal year 1975—from any tax on bows and arrows is to be treated the same as the revenues accruing to the fund from the tax on pistols and revolvers. As provided under existing law with respect to one-half of the revenues accruing to the fund from the tax on pistols and revolvers, one-half of the funds that are to accrue to the fund from any tax on bows and arrows is to be apportioned among the States in proportion to the ratio that the population of each State bears to all the States.

As previously stated, the funds apportioned to the States on the basis of population can be used by such States to pay up to 75 percent of the costs of carrying out hunter safety programs and the construction, operation, and maintenance of target ranges. If a State elects not to use this one-half of the funds for such purposes, then all of the funds apportioned to it would be used to carry out regular wildlife restoration projects.

The bill further provides that the amendments made by subsections (a) and (b) of this section are not to take effect until July 1, 1974.

The bill also amends section 8(b) of the act to eliminate the word "outdoor" each place it appears in the subsection.

The bill makes it clear that the portion of the funds apportioned to the States that are eligible for construction, operation, and maintenance of target ranges may be used for "indoor" as well as "outdoor" target ranges.

This title of the bill takes effect on the date of enactment of this act.

#### *Tax on Sale of Bows and Arrows*

Under the present tax law excise taxes are imposed on certain recreational equipment: an 11-percent tax is imposed on manufacturers' or importers' sales of firearms (other than pistols and revolvers), shells, and cartridges and a 10-percent tax is imposed on sales of pistols and revolvers; and a 10-percent tax is imposed on manufacturers' or importers' sales of specified types of fishing equipment. The receipts from the tax on fishing equipment is earmarked for use for fish restoration and management (16 U.S.C. 777b). The receipts from the excise taxes on firearms, ammunition, etc., are now set aside—and the receipts from the taxes imposed by this bill are to be set aside—in a special fund in the Treasury designated as "the Federal aid to wildlife restoration fund" and are made available to the States for certain designated wildlife programs, generally to maintain and preserve wildlife and hunting areas and for public target range programs. This fund is administered by the Department of Interior.

The purpose of the present recreational excise taxes and the earmarking of the receipts is to impose on those who hunt with firearms, or who fish, their share in the cost of maintaining the wildlife preserves which they use and for the other related programs. The committee agrees with the House that those who hunt with bows and arrows, as well as those who hunt with firearms or who fish, should also bear a proportionate share of the cost of maintaining and preserving the wildlife areas and other programs. As a result, the bill imposes an 11-percent tax on the manufacturers' or importers' sale of bows and arrows. The tax applies to those bows which have a draw weight of 10 pounds or more and to those arrows which measure 18 inches or more in length (measured by the length of the shaft including the head or tip of the arrow).

Because the committee does not intend for this tax to apply to children's toys, the tax is applied only to those bows and arrows which meet the specifications referred to above. The committee understands that this is an appropriate dividing line for bows and arrows which are generally made for children, and that serious archers would not use bows and arrows which are less than these specifications for target practice or hunting.

The tax also applies on the manufacturers' or importers' sale of any part or accessory which is suitable for inclusion in, or attachment to, a taxable bow or arrow (that is, a bow which has a draw weight of 10 pounds or more or an arrow which is 18 inches or more in length). In the case of a bow, some of the parts and accessories which are taxed include bow sights, bow stabilizers, bow levels, bow strings, arrow rests, and string silencers. The tax also applies to the parts of a bow in those cases where they are sold in sections.

In the case of arrows, the tax applies to all parts of the arrow if sold separately, such as the feathers, the shaft, and the tip or the arrowhead. If a shaft of an arrow is sold separately, the determination as to whether it is a taxable part will be made by the normal commercial practice for the type and length of head or tip which would be attached to that shaft. This means that if a 17-inch shaft would normally be used with a head that increases its length to 18 inches or more, then the shaft would be taxable when sold separately. The tax also applies to any quiver which is suitable for use with a taxable arrow.

Since fishing reels are already subject to an excise tax the revenue from which is earmarked for fish restoration and management, the bill makes it clear that they would not be taxed under this bow-and-arrow provision (for wildlife restoration), even if they are suitable for use with a harpoon-type arrow.

The committee wants to point out that the tax laws (sec. 4225) provide a general exemption from the manufacturers' excise tax on any article of native Indian handicraft manufactured by Indians on Indian reservations or in Indian schools. This means that any bows and arrows (or their parts and accessories) manufactured by Indians on a reservation will not be subject to the tax imposed by this bill.

#### *Effective date*

The tax imposed under this title applies to articles sold by manufacturers or importers on or after July 1, 1974.

#### **IV. EFFECT ON THE REVENUES OF THE BILL AND VOTE OF THE COMMITTEE IN REPORTING THE BILL**

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the effect on revenues of this bill. It is estimated that the enactment of this bill will result in an annual revenue gain of about \$2 million. The Treasury Department agrees with this estimate.

In compliance with section 133 of the Legislative Reorganization Act of 1946, as amended, the following statement is made relative to the vote by the committee on reporting the bill: S. 3598 was ordered favorably reported by the committee by voice vote. No rollcall vote was taken.

#### **V. CHANGES IN EXISTING LAW**

In the opinion of the committee, it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate (relating to the showing of changes in existing law made by the bill, as reported).