

SUMMARY OF SENATE AMENDMENTS TO  
REVENUE TITLE OF H.R. 14465

AIRPORT AND AIRWAY REVENUE ACT  
OF 1970

PREPARED FOR THE USE OF  
THE HOUSE AND SENATE CONFEREES ON  
H.R. 14465

BY THE STAFF OF THE  
JOINT COMMITTEE ON  
INTERNAL REVENUE TAXATION



MARCH 16, 1970

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# SUMMARY OF SENATE AMENDMENTS TO REVENUE TITLE OF H.R. 14465 AIRPORT AND AIRWAY REVENUE ACT OF 1970

Description of Amendments	<i>Number and Page<sup>1</sup> of Senate Amendments</i>
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Amendment No. 1 is the substitution of titles I, II, and III in the Senate bill for title I of the House bill and relates generally to matters within the jurisdiction of the Commerce Committee conferees.	1 (pp. 2-93)
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However, section 306 in title III amends the Tariff Act of 1930 and is within the jurisdiction of the Ways and Means and Finance Committee conferees.

## TARIFF AMENDMENT

(No provision in House bill; sec. 306 of the Senate bill.) Under existing law when U.S. citizens return in private aircraft or vessels from a visit to a foreign nation (such as Canada or Mexico) on a weekend, holiday, or at night, they must pay overtime charges for the services of the customs and other personnel who clear their entry. If there are a number of these returnees, the fee may be only a few dollars since the overtime charge is prorated among them, but if there are only one or two returnees through the port in question the charge can approach \$100. The Senate bill adds an amendment to provide that the maximum charge for this overtime service may not exceed \$25. Under this amendment, those who today pay a lower charge for the customs service would continue to pay the lower amount but those whose charges exceed \$25 would benefit from the limitation imposed by the Senate amendment.	1 (pp. 91-93)
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## CLERICAL—CONFORMING

Clerical changes (title number and section numbers).	2, 4, and 6 (p. 94)
Conforming title (changing 1969 to 1970).	3 and 5 (p. 94)

## FUEL TAXES

(Secs. 202(a) of the House bill and 402(a) of the Senate bill and sec. 4041(c) of the code.) These	7, 8, and 9 (pp. 94-95)
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<sup>1</sup> Parenthetical references are to page numbers of the bill printed with Senate amendments numbered.

*Number and  
Page of Senate  
Amendments*

**Description of Amendments**

amendments reduce the general aviation taxes on jet fuel and gasoline from the 7 cents provided in the House bill to 6 cents per gallon. These were floor amendments offered by Senator Cannon. (This reduces revenues by \$6.8 million in 1971 and by \$12.2 million in 1980.)

**CONFORMING**

- 10 (p. 96) Conforming change to No. 18 (relating to exemptions for Red Cross and international organizations).

**TERMINATION**

- 11 (p. 96) (Secs. 202(a) of the House bill and 402(a) of the Senate bill and sec. 4041(c) of the code.) This amendment provides that the tax increases on jet fuel and aviation gasoline are not to apply on and after July 1, 1980. This was a committee amendment.

**PASSENGER TAX**

- 12 (pp. 98-101) (Sec. 203 of the House bill and sec. 403 of the Senate bill and secs. 4261 and 4262 of the code.) This amendment changes the 8-percent tax on the passenger into a 7.5-percent tax on the air carrier. Since the base for the 7.5-percent tax includes the tax, the 7.5-percent tax is the equivalent of a tax of 8.11 percent on a base excluding tax. The amendment also postpones the effective date of the passenger tax from January 1, 1970, to May 1, 1970, and provides for a termination of the tax increase after June 30, 1980, reducing the tax to 4.8 percent on the air carrier after that date. This was a committee amendment. (This increases revenues by \$7.1 million in 1971 and by \$19.5 million in 1980, if CAB requires the full tax to be passed on.)

**CARGO TAX**

- 13 (pp. 101-106) (Sec. 204 of the House bill and sec. 404 of the Senate bill and secs. 4271 and 4272 of the code.) The amendment: (1) postpones the effective date of the cargo tax from January 1, 1970 to May 1, 1970; (2) provides that taxable property does not include "excess baggage" accompanying a passenger traveling on an aircraft operated on an established line; (3) provides rules for determining the taxable amount in the case of joint furnishing of services which include transportation (e.g., Air Express provided by REA express and the airlines); (4) in the case of Alaska and Hawaii provides tax is not to apply to portion of

**Description of Amendments**

transportation outside the United States or the 225-mile zone in Canada or Mexico; (5) removes provisions imposing the tax on transportation of property by air in the case of imports; and (6) terminates the tax after June 30, 1980. This was a committee amendment, modified by a floor amendment by Senator Long; the floor amendment removed the tax on imports. (The amendment relating to excess baggage is estimated to reduce revenues by \$.5 million in 1971 and by \$1.2 million in 1980. The amendment relating to Alaska and Hawaii is estimated to reduce revenues by \$2.2 million in 1971 and by \$7.9 million in 1980. The amendment relating to imports is estimated to reduce revenues by \$2.8 million in 1971 and by \$10.2 million in 1980).

**CLERICAL—CONFORMING**

Clerical changes (section numbers). 14, 16, and 17  
(p. 106)

Conforming change to No. 18 (relating to exemptions for Red Cross and international organizations). 15 (p. 106)

**EXEMPTIONS**

(Sec. 205 of the House bill and sec. 405 of the Senate bill.) The amendment strikes the provision exempting international organizations and the Red Cross from the passenger and cargo taxes. This was a committee amendment. 18 (p. 106)

**CLERICAL—CONFORMING—CLARIFYING**

Clerical changes (section and paragraph numbers). 19 and 20 (pp. 106-107)

Clarifying change. 21 (p. 107)

Conforming changes to No. 75 (relating to effective date changes). 22 and 23 (pp. 108-109)

Conforming changes to No. 12 (relating to passenger tax placed on air carrier). 24, 26, and 27  
(pp. 109  
and 112)

Conforming changes to Nos. 51 and 12 (relating to passenger tax and nontaxable use of funds). 25 (pp. 109-111)

Clerical changes (paragraph numbers). 28-33 (pp. 112-113)

*Number and  
Page of Senate  
Amendments*

*Description of Amendments*

- 34 (p. 113) Conforming change to No. 51 (relating to payments respecting nontaxable uses of fuels).
- 35 to 37, and 39 (pp. 113-114) Clerical changes (section and paragraph numbers).

- 38 (p. 114) Conforming change to No. 44 (relating to annual use tax).

ANNUAL USE TAX

- 40 (p. 114) (Sec. 206 of the House bill and sec. 406 of the Senate bill and sec. 4491 of the code.) This amendment deletes the flat \$25 annual use tax for all aircraft. It also makes the poundage portion of the use tax inapplicable in the case of aircraft capable of providing a seating capacity for not more than four adults. The small-craft exemption was a committee amendment; the elimination of the \$25 tax was a floor amendment by Senator Dominick. (The elimination of the \$25 tax is estimated to reduce revenues by \$3.6 million in 1971 and by \$5.7 million in 1980. It is estimated that the exemption for aircraft with seating capacity of 4 or less will reduce revenues by \$4.0 million in 1971 and by \$5.7 million in 1980.)

- 43 (pp. 115-116) (Sec. 206 of the House bill and sec. 406 of the Senate bill and sec. 4491 of the code.) This amendment terminates the tax after June 30, 1980, and makes conforming changes to floor amendment No. 40.

- 44 (pp. 117-119) (Sec. 206 of the House bill and sec. 406 of the Senate bill and sec. 4493 of the code.) This amendment provides rules permitting the lessee to pay the use tax. It also provides for a reduced initial payment (rather than a larger refund later) of the use tax by persons who use aircraft in foreign air commerce to a significant extent (10 percent or more of use). The amendment is a committee amendment with several floor modifications to conform to No. 40 (relating to elimination of the \$25 portion of the use tax).

CLERICAL—CONFORMING

- 41 (p. 114) Conforming change to No. 44 (relating to permitting payment of taxes by lessee).
- 42, 46, and 47 (pp. 115 and 120) Conforming changes to floor amendment in No. 40 (relating to elimination of the \$25 portion of the use tax).

## Description of Amendments

Number and  
Page of Senate  
Amendments

Clerical changes (section numbers and letters). 45, 49, and 50  
(pp. 119  
and 122)

Conforming change to No. 44 (relating to reduced initial payment with smaller refund later) with modification to conform to floor amendment in No. 40 (relating to elimination of the \$25 portion of the use tax). 48 (pp.  
121-122)

## PAYMENTS RESPECTING NONTAXABLE USES OF FUELS

(No provision in House bill; sec. 407 of the Senate bill and secs. 6420, 6421, 6424, and 6427 of the code.) This amendment provides that persons entitled to refunds or credits of previously paid taxes on fuels and lubricating oil will be permitted to file claims for payment or for credit against income taxes at any time before the expiration of the statute of limitations for claiming refunds of income taxes. This provision applies to the manufacturers' taxes on gasoline and lubricating oil and to the retailers' taxes on gasoline, diesel fuels, and special fuels. This was a committee amendment. 51 (pp.  
123-133)

## CLERICAL

Clerical change (section number). 52 (p. 133)

## EFFECTIVE DATES—TRUST FUND

(Sec. 207 of the House bill and sec. 408 of the Senate bill.) These amendments: (1) postpone the date for appropriations to, expenditures from, and transfers from the Airport and Airway Trust Fund from the December 31, 1969, date provided by the House bill, to March 31, 1970; and (2) terminate the trust fund on June 30, 1980. These were committee amendments. 53 to 56, 58, 62,  
and 64 (pp.  
133-134,  
and 137-  
139)

## CLERICAL—CONFORMING

Clerical change (title and section numbers). 57, 65, 68, and  
70 (pp. 138,  
140, and  
141)

Conforming amendments to No. 51 (relating to payments respecting nontaxable uses of fuels). 59, 60, 63, and  
67 (pp.  
139-140)

Clerical change. 61 (p. 139)

*Number and  
Page of Senate  
Amendments*

Description of Amendments

- 66 and 69  
(p. 140) Conforming amendments to Nos. 3 and 5 (relating to title change).

STUDY—REVENUE BURDENS

- 71 (p. 141) (Sec. 208 of the House bill and sec. 409 of the Senate bill.) This amendment requires the Secretary of Transportation to consult with airport and airway system users, in addition to others, in studying the revenue burdens of the system. This was a floor amendment by Senator Long.

- 72 (pp.  
141-142) (Sec. 208 of the House bill and sec. 409 of the Senate bill.) This amendment requires the Secretary of Transportation to identify the Federal Government costs to be charged to the system and the value assignable to the general public benefit. This was a floor amendment by Senator Long.

CLERICAL

- 73 (p. 142) Clerical change (section number).

PASSENGER TAX—ADJUSTMENT OF FARES

- 74 (pp.  
143-144) (No provision in House bill; sec. 411 of the Senate bill.) This amendment requires the passenger tax to be included in the air carriers' fares, subject to the CAB's authority to accept or reject all (or any part) of fares changes. This was a committee amendment, modified by a floor amendment by Senators Long and Cannon.

EFFECTIVE DATES

- 75 (pp.  
144-145) (Sec. 210 of the House bill and sec. 412 of the Senate bill.) This amendment postpones the effective date from January 1, 1970, as provided by the House bill, to April 1, 1970, except that the ticket and cargo taxes are to apply to transportation beginning after April 30, 1970, and the payments respecting nontaxable uses of fuels (No. 51) are to apply for taxable years ending after March 31, 1970. This was a committee amendment.



## STATISTICAL APPENDIX

(Revenue estimates revised by FAA after House report)

TABLE 1.—ESTIMATED REVENUE FROM FUEL TAX ON GENERAL AVIATION, FISCAL YEARS 1971-74  
AND 1979-80

(Millions of dollars)

	1971	1972	1973	1974	1979	1980
A. House bill 7 cents a gallon.....	47.2	50.9	55.1	59.2	81.0	85.4
B. Senate amendments, 6 cents a gallon.....	40.4	43.6	47.2	50.7	69.4	73.2
Difference.....	-6.8	-7.3	-7.9	-8.5	-11.6	-12.2

Source: Department of Transportation, Federal Aviation Administration Office of Economics.

TABLE 2.—ESTIMATED REVENUE FROM TAX ON DOMESTIC PASSENGER TRAVEL, FISCAL YEARS 1971-74 AND  
1979-80

(Millions of dollars)

	1971	1972	1973	1974	1979	1980
A. House bill, 8 percent of ticket.....	\$526.2	\$584.4	\$653.5	\$731.7	\$1,293.2	\$1,444.2
B. Senate amendments, 7.5 percent of gross air fares <sup>1</sup> .....	533.3	592.3	662.3	741.6	1,310.6	1,463.7
Difference.....	+7.1	+7.9	+8.8	+9.9	+17.4	+19.5

<sup>1</sup> Assumes that full amount of tax is passed on and included in the price in all cases (the Cannon-Long amendment does not require the CAB to pass all the tax to the passenger by increasing the tariffs, but leaves the decision to the CAB as to how much is passed on).

Source: Department of Transportation, FAA, Office of Aviation Economics.

TABLE 3.—ESTIMATED REVENUE FROM 5 PERCENT WAYBILL TAX, FISCAL YEARS 1971-74, AND 1979-80

(Millions of dollars)

	1971	1972	1973	1974	1979	1980
A. House bill.....	\$42.9	\$48.9	\$56.1	\$63.3	\$134.3	\$157.6
B. Senate amendments <sup>1</sup> .....	37.4	42.7	49.1	55.4	117.8	138.3
Difference.....	-5.5	-6.2	-7.0	-7.9	-16.5	-19.3

<sup>1</sup> Exempts charge for the portion of flights to or from Alaska and Hawaii not over U.S. territory, excess baggage, and imported freight.

Source: Department of Transportation, FAA, Office of Aviation Economics; and Air Transport Association.

TABLE 4.—ESTIMATED REVENUES FROM AIRCRAFT USE TAX ON U.S. CIVIL AIRCRAFT, FISCAL YEARS, 1971-74 AND 1979-80

[Millions of dollars]

Category	1971	1972	1973	1974	1979	1980
<b>A. House bill:</b>						
Total.....	26.8	29.2	31.4	33.5	44.1	46.3
General aviation.....	13.7	14.5	15.3	16.1	19.8	20.7
\$25 tax.....	3.6	3.8	4.0	4.2	5.4	5.6
Poundage tax.....	10.1	10.7	11.3	11.9	14.4	15.1
Air carrier.....	13.3	14.7	16.1	17.4	24.2	25.7
\$25 tax.....	.1	.1	.1	.1	.1	.1
Poundage tax.....	13.2	14.6	16.0	17.3	24.1	25.6
<b>B. Senate Amendments:</b>						
Total.....	19.2	20.9	22.6	24.4	33.0	34.9
General aviation.....	6.1	6.2	6.6	7.1	8.8	9.4
\$25 tax.....						
Poundage tax <sup>1</sup> .....	6.1	6.2	6.6	7.1	8.8	9.4
Air carrier.....	13.2	14.6	16.0	17.3	24.1	25.6
\$25 tax.....						
Poundage tax.....	13.2	14.6	16.0	17.3	24.1	25.6
Difference in totals.....	-7.6	-8.3	-8.8	-9.1	-11.1	-11.4

<sup>1</sup> Aircraft with seating capacity of 4 adults or less are exempt.

Note: Details may not add to totals due to rounding.

Source: Department of Transportation, Federal Aviation Administration, Office of Aviation Economics.

TABLE 5.—SUMMARY COMPARISON OF ESTIMATED AVIATION USER TAX REVENUES, H.R. 14465—HOUSE AND SENATE VERSIONS, FISCAL YEARS 1971-74 AND 1979-80

[Millions of dollars]

	1971	1972	1973	1974	1979	1980
<b>A. House bill:</b>						
Total.....	\$674.5	\$747.8	\$834.4	\$930.8	\$1,626.0	\$1,813.3
Passenger tax.....	526.2	584.4	653.5	731.7	1,293.2	1,444.2
Waybill tax.....	42.9	48.9	56.1	63.3	134.3	157.6
Fuel tax.....	47.2	50.9	55.1	59.2	81.0	85.4
International tax.....	28.4	31.2	35.0	39.6	68.4	74.5
Use tax.....	26.8	29.2	31.4	33.5	44.1	46.3
Taxes on tires and tubes.....	3.0	3.2	3.3	3.5	5.0	5.3
<b>B. Senate version:</b>						
Total.....	661.7	733.9	819.5	915.2	1,604.2	1,789.9
Passenger tax.....	533.3	592.3	662.3	741.6	1,310.6	1,463.7
Waybill tax.....	37.4	42.7	49.1	55.4	117.8	138.3
Fuel tax.....	40.4	43.6	47.2	50.7	69.4	73.2
International tax.....	28.4	31.2	35.0	39.6	68.4	74.5
Use tax.....	19.2	20.9	22.6	24.4	33.0	34.9
Taxes on tires and tubes.....	3.0	3.2	3.3	3.5	5.0	5.3
Difference.....	-12.8	-13.9	-14.9	-15.6	-21.8	-23.4

Source: Department of Transportation, Federal Aviation Administration, Office of Aviation Economics; and Air Transport Association.

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TABLE 6.—COMPARISON OF ESTIMATED AVIATION USER TAXES ON GENERAL AVIATION AND AIR CARRIERS, H.R. 14465—HOUSE AND SENATE VERSIONS, FISCAL YEARS 1971 AND 1980

Tax	Fiscal 1971			Fiscal 1980		
	General aviation	Air carrier	Total	General aviation	Air carrier	Total
<b>A. House bill:</b>						
Passenger ticket tax, 8 percent		\$526.2	\$526.2		\$1,444.2	\$1,444.2
Waybill tax, 5 percent		42.9	42.9		157.6	157.6
Fuel tax, 7 cents a gallon	\$47.2		47.2	\$85.4		85.4
International travel use tax, \$3		28.4	28.4		74.5	74.5
Aircraft use tax <sup>1</sup>	13.7	13.3	26.8	20.7	25.7	46.3
Taxes on tires and tubes	1.0	2.0	3.0	1.8	3.5	5.3
<b>Total</b>	<b>61.9</b>	<b>612.8</b>	<b>674.5</b>	<b>107.9</b>	<b>1,705.5</b>	<b>1,813.3</b>
<b>Percent of total</b>	<b>9.2</b>	<b>90.8</b>	<b>100.0</b>	<b>6.0</b>	<b>94.0</b>	<b>100.0</b>
<b>B. Senate amendments:</b>						
Tax on passenger airfares, 7.5 percent		533.3	533.3		1,463.7	1,463.7
Waybill tax, 5 percent <sup>2</sup>		37.4	37.4		138.3	138.3
Fuel tax, 6 cents a gallon	40.4		40.4	73.2		73.2
International travel use tax, \$3		28.4	28.4		74.5	74.5
Aircraft use tax <sup>3</sup>	6.1	13.2	19.2	9.4	25.6	34.9
Taxes on tires and tubes	1.0	2.0	3.0	1.8	3.5	5.3
<b>Total</b>	<b>47.5</b>	<b>614.3</b>	<b>661.7</b>	<b>84.4</b>	<b>1,705.6</b>	<b>1,789.9</b>
<b>Percent of total</b>	<b>7.2</b>	<b>92.8</b>	<b>100.7</b>	<b>4.7</b>	<b>95.3</b>	<b>100.0</b>

<sup>1</sup> Annual \$25 basic tax on all aircraft, plus a tax of 2 cents a pound on piston and 3½ cents a pound on turbine aircraft.

<sup>2</sup> Exempts charges for portion of flights to or from Alaska and Hawaii, excess baggage, and imported freight.

<sup>3</sup> Annual tax of 2 cents a pound on piston and 3½ cents a pound on turbine aircraft with a seating capacity of more than 4 adults.

Note: Details may not add to totals due to rounding.

Source: Department of Transportation, Federal Aviation Administration, Office of Aviation Economics; and Air Transport Association.

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