

[COMMITTEE PRINT]

EXPLANATION OF WAYS AND MEANS COMMITTEE AMENDMENT TO THE AIRPORT AND AIRWAY TRUST FUND, TO BE OFFERED AS A TITLE III TO H.R. 9771 (AIRPORT AND AIRWAY DEVELOPMENT ACT AMENDMENTS OF 1975)

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PREPARED BY THE  
COMMITTEE ON WAYS AND MEANS  
OF THE  
U.S. HOUSE OF REPRESENTATIVES  
TOGETHER WITH  
ADDITIONAL AND SUPPLEMENTAL VIEWS



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**EXPLANATION OF WAYS AND MEANS COMMITTEE  
AMENDMENT TO THE AIRPORT AND AIRWAY TRUST  
FUND, TO BE OFFERED AS A TITLE III TO H.R. 9771 (AIR-  
PORT AND AIRWAY DEVELOPMENT ACT AMEND-  
MENTS OF 1975)**

The Ways and Means Committee reexamined the provisions of the Airport and Airway Trust Fund (sec. 208 of the Airport and Airway Revenue Act of 1970) as they relate to H.R. 9771 (the Airport and Airway Development Act Amendments of 1975).

As a result of that reexamination, the Ways and Means Committee has directed the Chairman of the committee to offer an amendment to H.R. 9771 to add a Title III to that bill, to provide amendments to the Airport and Airway Trust Fund provisions of present law.

The text of the proposed committee amendment is set out immediately below. This is followed by the committee's explanation of, and reasons for favoring the adoption of the amendment, in essentially the same form as a committee report.

\* \* \*

**AMENDMENT TO H.R. 9771, AS REPORTED FROM THE  
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION**

Page 49, after line 9, insert the following new title:

**TITLE III—AIRPORT AND AIRWAY TRUST FUND**

**SEC. 301. AUTHORIZATION FOR EXPENDITURES FROM TRUST FUND.**

(a) AMENDMENT OF 1970 ACT.—Subparagraph (A) of section 208 (f) (1) of the Airport and Airway Revenue Act of 1970 (49 U.S.C. 1742(f) (1) (A)) is amended to read as follows:

“(A) incurred under title I of this Act or of the Airport and Airway Development Act Amendments of 1975 (as such Acts were in effect on the date of the enactment of the Airport and Airway Development Act Amendments of 1975);”.

(b) AMOUNTS NOT TO BE USED FOR TERMINAL DEVELOPMENT.—Section 208(f) (1) of such Act is amended by adding at the end thereof the following new sentence:

“Nothing in this paragraph shall be deemed to authorize the making available of amounts to meet obligations incurred for terminal development other than terminal development authorized by subparagraph (A) as in effect on the day before the date of the enactment of this sentence.”

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to obligations incurred on or after the date of the enactment of this Act.

\* \* \*

**EXPLANATION OF TITLE III, RELATING TO THE EXPANSION OF PURPOSES FOR WHICH AIRPORT AND AIRWAY TRUST FUNDS MAY BE SPENT**

**I. Summary**

The proposed title III expands the purposes for which funds may be spent from the Airport and Airway Trust Fund. By making available trust fund moneys to meet obligations incurred under titles I and II of the Airport and Airway Development Act Amendments of 1975 (H.R. 9771), it permits expenditures to be made for servicing airway facilities, developing State construction standards for general aviation airports, international security charges, a plan for a national airport system, snow removal equipment, noise suppression equipment, construction of physical barriers for noise control, and acquisition of land for noise control.

**II. General Statement**

**A. PRESENT LAW**

The Airport and Airway Revenue Act of 1970 imposed a series of user taxes,<sup>1</sup> created the Airport and Airway Trust Fund, provided that the user taxes (together with certain other taxes already being imposed<sup>2</sup> and various additional sums) are to be covered into the Trust Fund, and made Trust Fund moneys available to meet specified obligations of the United States.

In the case of airports, the 1970 Act provided that Trust Fund monies are to be available to meet obligations incurred under Title I of that Act (the "Airport and Airway Development Act of 1970"), as in effect on the date of the enactment of that Act. As a result, subsequent expansion of Title I Trust Fund provisions would not be sufficient to authorize the making available of Trust Fund moneys for the additional purposes, unless corresponding amendments were made to the Title II Trust Fund language. Among the "airport development" costs not allowed to be met out of the Trust Fund are those for public parking facilities for passenger automobiles and those for the cost of construction, alteration, or repair of a hangar or of any part of an

<sup>1</sup> The following taxes were imposed or increased by the 1970 Act: gasoline and other fuels used in noncommercial aviation (sec. 4041 of the Internal Revenue Code of 1954), tax on transportation of persons by air ("ticket tax", sec. 4261), tax on transportation of property by air ("waybill tax", sec. 4271), and tax on use of aircraft (sec. 4491). See Appendix B for revenues from these taxes.

<sup>2</sup> The then existing taxes which the 1970 Act earmarked for the Trust Fund included the following: tax on tires and tubes of the type used on aircraft (sec. 4071), 2 cents of the 4 cents manufacturers tax on gasoline used in (sec. 4081), and that portion of the ticket tax that was already in existence and was up to that time covered into the general fund of the Treasury (sec. 4261). See Appendix B for revenues from these taxes.

airport building. (Sec. 20(b) of the 1970 Act.) A special exception in that Act permitted the use of Trust Fund moneys for "those buildings intended to house facilities or activities directly related to the safety of persons at the airport."

The 1970 Act authorized expenditures for "the maintenance and operation of air navigation facilities". (Sec. 14(d) of the 1970 Act.) In 1971, the Congress amended the Act to remove that authorization for maintenance and operation of air navigation facilities; however, the Trust Fund language was not amended. As a result, after 1971 the Act as a whole no longer authorized Trust Fund expenditures for obligations incurred for the maintenance and operation of air navigation facilities.

#### B. REASONS FOR THE PROVISION

H.R. 9771, as reported by the Committee on Public Works and Transportation, would modify the provisions of Title I of the 1970 Act and permit the Federal Government to incur certain obligations that are not permitted under present law. As your committee made clear in its report on the 1970 Act (H. Rept. 91-601, p. 50), the 1970 Act was so drafted as to assure that any additions to the categories of obligations funded out of Trust Fund revenues would be subject to scrutiny by those committees of Congress concerned with raising those Trust Fund revenues.

In conducting this examination, your committee has divided the additional obligation categories into three types. The first of these categories relates to expenditures for (1) developing State construction standards for general aviation airports (\$1.275 million for 1976,) (2) international security charges (\$3 million per year for 1976, 1977, and 1978, and \$0.75 million for the transition quarter of October-December 1976), (3) a national airport system plan (\$2 million for 1976), and (4) snow removal equipment, noise suppression equipment, construction of physical barriers for noise control, and acquisition of land for noise control (expected to average \$20-\$25 million per year for the remaining period of the Trust Fund). As to these items, which do not add major expenditure categories to the Trust Fund, your committee concluded that it was appropriate to provide financing out of the Trust Fund revenues.

The second category deals with the servicing of airway facilities, which includes (1) servicing of navigation aids, landing systems, towers, and radars (excluding cost of engineering support and planning, direction and evaluation); (2) airway facility leased communications; and (3) supplies and parts related to facility maintenance. The amount authorized is initially set at \$50 million for 1976 and is to increase by \$25 million a year for each subsequent year (in addition, \$12 million is authorized for the transition quarter). It appears to your committee that these expenditures could have been financed from the Trust Fund as originally enacted in 1970, that the decision to restrict Title I of the 1970 Act by the 1971 legislation was a narrowing of the existing authority, and that reestablishing the 1970 standards in

this area would not involve any further amendment to the Trust Fund provisions. Accordingly, your committee concluded that it should not object to this reinstatement of the original standards of the 1970 Act. Also, it was noted that these expenditures were already being made from Federal funds and that permission to make these expenditures out of the Trust Fund would not involve additional Federal expenditures and would not involve an additional category of Federal expenditures.

The third category relates to the proposal to permit expenditures for parts of terminal buildings. This category could involve expenditures ranging from \$77 million for 1976, in increasing amounts to \$93 million for 1980. Except to the extent that the 1970 Act permits construction, alteration, or repair of buildings intended to house facilities or activities directly related to safety of persons at the airport, this represents a sharp departure from the standards set forth in the 1970 Act. Permitting the use of Trust Fund monies for this purpose would require an amendment to the Trust Fund provisions. Your committee concluded that such an expansion of the Trust Fund provisions is not appropriate at this time. It is to be noted that, up to now, such construction has been paid for by operators and owners of airport terminals, and has not been paid for out of Federal tax funds.

#### C. EXPLANATION OF PROVISION

Title III of H.R. 9771, the Airport and Airway Development Act Amendments of 1975, as proposed to be added to that bill by the Ways and Means Committee, amends the Airport and Airway Trust Fund provisions (sec. 208(f)(1) of the Airport and Airway Revenue Act of 1970) to permit Trust Fund moneys to be used to meet obligations incurred by the United States under title I or II of the Airport and Airway Development Act Amendments of 1975, as in effect on the date of enactment of the 1975 Act. However, these changes in the Trust Fund are not to permit the use of Trust Fund moneys for terminal development (other than the terminal development expenditures permitted under the 1970 Act as originally enacted, i.e., those relating to certain safety facilities as described in sec. 20 of the 1970 Act). The new categories of expenditures thus authorized are those for developing State construction standards for general aviation airports, international security charges, a national airport system plan, snow removal equipment, noise suppression equipment, construction of physical barriers for noise control, and acquisition of land for noise control. As indicated above, the proposed obligation authority for servicing of airway facilities is comprehended under the present Trust Fund provisions, and so no further amendment to the Trust Fund provisions appears necessary in order to permit Trust Fund moneys to be spent to meet obligations incurred for that purpose.

Title III is to apply to obligations incurred on or after the date of enactment.

Title III does not affect any tax liabilities nor does it affect the amounts of taxes or other items to be transferred to the Airport and Airway Trust Fund.

APPENDIX A.—AIRPORT AND AIRWAY TRUST FUND AUTHORIZATIONS, FISCAL YEARS 1971-80<sup>1</sup>

[In millions of dollars]

Item	1971-73	1974-75	1976	3-mo interim	1977	1978	1979	1980	Total 1971-75	Total 1976-80
Airport development:										
Air carrier: regular.....	250	275	308	77	324	340	356	372	1,300	1,777
General aviation.....	30	35	65	16	70	75	80	85	160	391
Subtotal, airports <sup>2</sup> .....	280	310	375	93	394	415	436	457	1,460	2,168
Air carrier terminals <sup>3</sup> .....			77	19	81	85	89	93		444
Airway facilities and equipment.....	250	250	250	62	250	250	275	275	1,250	1,362
Servicing airway facili- ties <sup>4</sup> .....	( <sup>5</sup> )		50	12	75	100	125	150		512
Developing State con- struction standards for general aviation airports <sup>6</sup> .....			1							1
Research and develop- ment.....	50	50	85	24	( <sup>7</sup> )	( <sup>7</sup> )	( <sup>7</sup> )	( <sup>7</sup> )	250	109
Planning.....	15	15	15	4	15	15	15	15	75	79
International security charges <sup>8</sup> .....			3	1	3	3				10
National airport system plan <sup>9</sup> .....			2							2
Total <sup>10</sup> .....	\$ 595	625	857	216	7 818	7 868	7 940	7 990	3, 035	7 4, 689

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

<sup>1</sup> Actual authorizations shown for fiscal years 1971-75; authorizations for fiscal years 1976-80 are from H.R. 9771, as reported by House Committee on Public Works and Transportation (H. Rept. 94-594).<sup>2</sup> Public Law 93-44 expanded the definition of "airport development" to include "security equipment" effective fiscal year 1974 and thereafter. H.R. 9771 would further expand that definition to include snow removal equipment, noise suppression equipment, construction of physical barriers for noise control, and acquisition of land for noise control.<sup>3</sup> New items out of trust fund.<sup>4</sup> Currently financed out of the general fund (along with system operations); the total appropriated for FAA maintenance and operations for fiscal years 1974-76 was: fiscal year 1974—\$1.3 billion; fiscal year 1975—\$1.4 billion; and fiscal year 1976—\$1.5 billion.<sup>5</sup> Amounts for FAA maintenance and operations of the airway system were \$1,023,000,000 for fiscal year 1971-72 before the enactment of Public Law 92-174, which deleted the original authorization for such expenses out of the trust fund.<sup>6</sup> Includes (1) servicing of navigation aids, landing systems, towers, radars (excluding cost of engineering support and planning, direction and evaluation as proposed by the administration); (2) airway facility leased communications; and (3) supplies and parts related to facility maintenance.<sup>7</sup> Specific authorizations for R. & D. not included for fiscal years 1977-80, but they are expected to be included later; the Science and Technology Committee was the source of the fiscal year 1976 and interim amounts.<sup>8</sup> Other than undetermined authorization for administrative expenses related to capital items, research and development, and planning (items specifically provided for in title I as amended by Public Law 92-174—which deleted the authorization for maintenance and operations expenditures out of the trust fund).

## APPENDIX B.—ESTIMATED AIRPORT AND AIRWAY TRUST FUND REVENUES FROM AVIATION USER TAXES ESTABLISHED BY THE AIRPORT AND AIRWAY REVENUE ACT OF 1970 (PUBLIC LAW 91-258) FISCAL 1976-80 (AND ACTUAL FY 1975)

[In millions of dollars]

Tax	1975 (actual)	1976	Interim 3 mo	1977	1978	1979	1980
8 percent airline ticket tax.....	\$779	\$815	\$203	\$865	\$936	\$1, 003	\$1, 074
5 percent waybill tax.....	54	48	12	55	63	72	81
\$3 international depart- ure tax.....	55	52	13	56	58	63	69
7 cents per gallon fuel tax (general average).....	54	54	14	57	61	63	66
Aircraft registration tax <sup>1</sup> .....	20	22	5	26	28	32	32
Aircraft Tire and Tube Tax.....	1	1	1	1	1	1	1
Less refunds.....	-1	-2	-1				
Total tax revenues.....	962	990	247	1, 060	1, 147	1, 234	1, 323

<sup>1</sup> The aircraft registration tax consists of 2 pts.: (1) a \$25 annual per plane tax, plus (2) a weight tax for aircraft weighing more than 2,500 pounds of 3 1/2 cents per pound for turbine-powered and 2 cents per pound for other aircraft (the first 2,500 pounds was exempted for each plane as of July 1, 1971).<sup>2</sup> These amounts are for the full fiscal year through Sept. 30, 1980, although the present law tax liabilities are scheduled only through June 30, 1980 (the end of the Federal fiscal year before the change to an Oct.-Sept. 30 fiscal year).

Source: Based on March 1975 projections by the Department of Transportation, Federal Aviation Administration.

### III. Effect on the Revenues of the Title and Vote of the Committee on Ways and Means in Reporting the Title

In compliance with clause 7 of rule XIII of the Rules of the House of Representatives, the following statement is made relative to the effects on the revenues of Title III of this bill. The Committee on Ways and Means estimates that Title III of the bill will have no effect on tax liabilities for fiscal 1976, the transition quarter, and fiscal 1977. The Treasury Department agrees with this statement.

In compliance with clause 2(1)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made relative to the record vote by the Committee on Ways and Means on the motion to report the title. The title was ordered reported by voice vote.

### IV. Changes in Existing Law Made by the Bill, As Reported

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by title III are shown as follows (existing law proposed to be omitted as enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

#### SECTION 208 OF THE AIRPORT AND AIRWAY REVENUE ACT OF 1970

##### SEC. 208. AIRPORT AND AIRWAY TRUST FUND.

(a) **CREATION OF TRUST FUND.**—There is established in the Treasury of the United States a trust fund to be known as the "Airport and Airway Trust Fund" (hereinafter in this section referred to as the "Trust Fund"), consisting of such amounts as may be appropriated or credited to the Trust Fund as provided in this section.

(b) **TRANSFER TO TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.**—There is hereby appropriated to the Trust Fund—

(1) amounts equivalent to the taxes received in the Treasury after June 30, 1970, and before July 1, 1980, under subsections (c) and (d) of section 4041 (taxes on aviation fuel) and under sections 4261, 4271, and 4491 (taxes on transportation by air and on use of civil aircraft) of the Internal Revenue Code of 1954;

(2) amounts determined by the Secretary of the Treasury to be equivalent to the taxes received in the Treasury after June 30, 1970, and before July 1, 1980, under section 4081 of such Code, with respect to gasoline used in aircraft; and

(3) amounts determined by the Secretary of the Treasury to be equivalent to the taxes received in the Treasury after June 30, 1970, and before July 1, 1980, under paragraphs (2) and (3) of section 4071(a) of such Code, with respect to tires and tubes of the types used on aircraft.

The amounts appropriated by paragraphs (1), (2), and (3) shall be transferred at least quarterly from the general fund of the Treasury

to the Trust Fund on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in paragraphs (1), (2), and (3) received in the Treasury. Proper adjustment shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) **TRANSFER OF UNEXPENDED FUNDS.**—At the close of June 30, 1970, there shall be transferred to the Trust Fund all unexpended funds which have been appropriated before July 1, 1970, out of the general fund of the Treasury to meet obligations of the United States (1) described in subparagraph (B) or (C) of subsection (f)(1) of this section, or (2) incurred under the Federal Airport Act (49 U.S.C., sec. 1101 et seq.).

(d) **APPROPRIATION OF ADDITIONAL SUMS.**—There are hereby authorized to be appropriated to the Trust Fund such additional sums as may be required to make the expenditures referred to in subsection (f) of this section.

(e) **MANAGEMENT OF TRUST FUND.**—

(1) **REPORT.**—It shall be the duty of the Secretary of the Treasury to hold the Trust Fund, and (after consultation with the Secretary of Transportation) to report to the Congress each year on the financial condition and the results of the operations of the Trust Fund during the preceding fiscal year and on its expected condition and operations during the next five fiscal years. Such report shall be printed as a House document of the session of the Congress to which the report is made.

(2) **INVESTMENT.**—

(A) **IN GENERAL.**—It shall be the duty of the Secretary of the Treasury to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 percent next lower than such average rate. Such special obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United

States on original issue or at the market price, is not in the public interest.

(B) SALE OF OBLIGATIONS.—Any obligation acquired by the Trust Fund (except special obligations issued exclusively to the Trust Fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at par plus accrued interest.

(C) INTEREST ON CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

(3) APPLICABILITY OF PARAGRAPH (2).—Paragraph (2) of this subsection shall not apply until the beginning of the fiscal year immediately following the first fiscal year beginning after June 30, 1970, in which the receipts of the Trust Fund under subsection (b) exceed 80 percent of the expenditures from the Trust Fund under subsection (f) (1).

(f) EXPENDITURES FROM TRUST FUND.—

(1) AIRPORT AND AIRWAY PROGRAM.—Amounts in the Trust Fund shall be available, as provided by appropriation Acts, for making expenditures after June 30, 1970, and before July 1, 1980, to meet those obligations of the United States—

[(A) hereafter incurred under title I of this Act (as in effect on the date of the enactment of this Act), or incurred at any time before July 1, 1970, under the Federal Airport Act (49 U.S.C., sec. 1101 et seq.);]

(A) incurred under title I of this Act or of the Airport and Airway Development Act Amendments of 1975 (as such Acts were in effect on the date of the enactment of the Airport and Airway Development Act Amendments of 1975);

(B) heretofore or hereafter incurred under the Federal Aviation Act of 1958, as amended (49 U.S.C., sec. 1301 et seq.), which are attributable to planning, research and development, construction, or operation and maintenance of—

- (i) air traffic control,
- (ii) air navigation,
- (iii) communications, or
- (iv) supporting services,

for the airway system; or

(C) for those portions of the administrative expenses of the Department of Transportation which are attributable to activities described in subparagraph (A) or (B).

*Nothing in this paragraph shall be deemed to authorize the making available of amounts to meet obligations incurred for terminal development other than terminal development authorized by subparagraph (A) as in effect on the day before the date of the enactment of this sentence.*

(2) TRANSFERS FROM TRUST FUND ON ACCOUNT OF CERTAIN REFUNDS.—The Secretary of the Treasury shall pay from time to time from the Trust Fund into the general fund of the Treasury amounts equivalent to—

(A) the amounts paid after June 30, 1970, and before July 1, 1980, in respect of fuel used in aircraft, under sections 6420 (relating to amounts paid in respect of gasoline used on farms), 6421 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes), and 6427 (relating to fuels not used for taxable purposes) of the Internal Revenue Code of 1954, and

(B) the amounts paid under section 6426 of such Code (relating to refund of aircraft use tax where plane transports for hire in foreign air commerce),

on the basis of claims filed for periods beginning after June 30, 1970.

(3) TRANSFERS FROM TRUST FUND ON ACCOUNT OF CERTAIN SECTION 39 CREDITS.—The Secretary of the Treasury shall pay from time to time from the Trust Fund into the general fund of the Treasury amounts equivalent to the credits allowed under section 39 of the Internal Revenue Code of 1954 with respect to fuel used in aircraft during taxable years ending after June 30, 1970, and beginning before July 1, 1980, and attributable to use after June 30, 1970, and before July 1, 1980. Such amounts shall be transferred on the basis of estimates by the Secretary of the Treasury, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the credits allowed.

#### V. Other Matters Required To Be Discussed Under House Rules With Regard To Title III

In compliance with clauses 2(1)(3) and (2)(1)(4) of Rule XI of the Rules of the House of Representatives, the following statements are made with regard to title III of the bill.

*Oversight findings.*—With regard to subdivision (A) of clause 3 (relating to oversight findings), the Committee on Ways and Means advises that in its review of the financing needs of the airport and airway system as included in Titles I and II of this bill, the authority to make available amounts in the Trust Fund needs to be expanded to include many of the new items of obligation authority provided in Titles I and II of this bill.

*New budgetary authority.*—In compliance with subdivision (B) of clause 3 of Rule XI, the Committee on Ways and Means states that the changes made by title III of this bill involve no new budgetary authority. Title III makes no changes in tax expenditures, as it expands authority to make Trust Fund monies available to meet additional obligations, but provides no additional revenues. Consequently, it does not affect the overall totals involved. There is no revenue effect on fiscal year 1976, the transitional quarter, or on fiscal year 1977.

*Congressional Budget Office comments.*—With respect to subdivision (C) of clause 3 of Rule XI, the Committee on Ways and Means advises that no comparison has been submitted to the committee by the Director of the Congressional Budget Office relative to the provisions of title III of this bill.

*Committee on Government Operations comments.*—With regard to subdivision (D) of clause 3 of Rule XI, the Committee on Ways and Means states that no oversight findings or recommendations have been submitted by the Committee on Government Operations relative to title III of this bill.

*Inflationary impact.*—In compliance with clause 2(1)(4) of rule XI, the Committee on Ways and Means believes that title III of this bill will not have any inflationary impact, as it does not increase the amount of Trust Fund monies that are to be available to meet U.S. obligations.

#### VI. Additional Views of Congressman Sam Gibbons and Congressman William A. Steiger

Again this weekend we learned of a near tragedy in our airways—an Eastern Airlines jet on the way to Florida and an Air Force fighter-bomber came within 20–50 feet of colliding in the sky near Richmond, Virginia.

This was the fifth near-miss involving commercial airliners since November 26. 207 near-misses have been reported in the first 10 months of this year. Less than three weeks ago disaster was narrowly averted in the skies over Detroit when the pilot of a DC-10 with 190 passengers aboard was ordered by an air traffic controller to dive 2000 feet. Several people were injured in the dive and the plane avoided another jetliner carrying 113 persons by only 20–100 feet.

The problems of air travel safety have reached crisis proportions and more funds are urgently needed to improve safety in our airways. In view of this, we certainly should not be diverting funds from the Airport and Airway Trust Fund to new, less important uses. Thus, we ask your support, in the name of safe air travel and economy in government, in a fundamental disagreement between the Public Works and Transportation Committee and the Ways and Means Committee about the use of these Trust Fund monies.

The Committee on Public Works and Transportation has favorably reported H.R. 9771 for action by the House. Among other things, this bill would permit the use of Trust Fund revenues for the development of non-revenue-producing public use areas in airport terminals.

It is our belief, and the position of a majority of the Ways and Means Committee, that the use of these Trust Fund revenues should *not* be expanded to include terminal development. Terminal development must take a back seat to air safety. There is no need for, nor do the American people indicate any great desire for, elaborate airport terminals. They have shown alarm about the growing number of mid-air near misses and the danger of hundreds of passengers and crew dying in a single collision.

Already, the Internal Revenue Code provides a subsidy to governmental units wanting to construct or expand air terminal facilities. Section 102 of the Code provides that industrial revenue bonds may be issued to finance the construction of such facilities as airport terminals. Interest on these obligations is not taxed by the Federal gov-

ernment. Using this device, many localities have been able to finance the construction of adequate terminal facilities.

Finally, in view of our concern about embarking upon entirely new and costly Federal expenditures programs when our deficit is \$74 billion, we should realize that the demand for 50-50 matching grants for terminal construction will be very great if the Public Works and Transportation Committee's amendment to Title I stands. This seemingly modest beginning could prove very costly to us in Federal revenues—and in air travel safety.

We urge you to support the Ways and Means Committee's position and prevent the diversion of valuable Trust Fund monies from air safety to terminal construction. Diversion of these funds would not be in the public interest.

Sincerely,

WILLIAM A. STEIGER.  
SAM GIBBONS.

**VII. Additional Views of Representatives Schneebeli, Conable, Duncan, Clancy, Archer, Vander Jagt, Crane, Martin, Bafalis, and Ketchum**

During its consideration of the Airport and Airway Development Act Amendments of 1975 we had hoped the Committee on Ways and Means would approve proposed reductions in the taxes now used to finance this program.

Our consideration of this measure was confined to the limiting language in the Airport and Airway Trust Fund. In our view it should have been expanded to include action on three tax amendments which were ruled out of order. Therefore, absent further legislative action, the surplus now in the Airport and Airway Trust Fund will continue to grow. This means that the public will continue to pay airline ticket prices higher than necessary since the tax will remain at its existing level even though not all of the revenues from the tax are needed. We see no legitimate reason for this situation. Taxes of this nature should be levied only to finance specific programs, not to generate a large surplus which can be borrowed from the Trust Fund by the Treasury at low interest rates for general purpose uses.

The Airport and Airway Trust Fund is financed by various user taxes imposed or modified in Title II of the Airport and Airway Development Act of 1970. These taxes have produced revenues more than adequate to support the program which the Act provided. Even with the expanded program embodied in H.R. 9771, the Trust Fund will accumulate a \$2.5 billion surplus by the end of fiscal year 1980. Amendments offered in Committee would have cut taxes to eliminate or reduce that surplus.

Clearly, reductions in the present tax structure are warranted. The first amendment would have reduced the present 8% ticket tax, the 5% waybill tax and the \$3.00 international tax to 6%, 3% and \$2.00 respectively. The following charts outline the fiscal status of the Trust Fund; Chart I under the Bill reported by the Public Works and Transportation Committee with the present tax structure, and Chart II with reduced tax levels.

## CHART I

TRUST FUND STATUS, 8 PERCENT TICKET TAX, 5 PERCENT WAYBILL TAX, \$3 INTERNATIONAL TAX  
[In millions of dollars]

	Fiscal year—		Interim period	Fiscal year—			
	1975	1976		1977	1978	1979	1980
Trust fund income.....	963.7	999.7	261.1	1,081.0	1,165.0	1,255.0	1,347.2
Prior year surplus.....	283.6	886.0	1,069.7	1,190.7	1,446.6	1,754.0	2,099.7
Total.....	1,223.3	1,885.7	1,334.8	2,271.7	2,611.6	3,009.0	3,446.9
Less annual appropriation.....	(624.7)	(857.9)	(216.0)	(903.4)	(953.4)	(1,025.4)	(1,075.4)
Balance.....	598.6	1,027.8	1,118.8	1,368.3	1,653.2	1,983.6	2,371.5
Plus earned interest.....	94.0	41.9	71.9	78.3	95.8	116.1	138.9
Plus released reserves.....	193.4	0	0	0	0	0	0
Surplus.....	886.0	1,069.7	1,190.7	1,446.6	1,754.0	2,099.7	2,510.4

## NOTES

1. Income data is based on FAA projections of Dec. 4, 1974.
2. Fiscal year 1975 interest is based on Treasury data. Fiscal year 1976-80 interest computed at 7 percent on prior year balance figure.
3. "Released reserves" represents the amount held in reserve for obligation authority which was not used.
4. "Interim period" represents income and expenditure estimates necessary for change in fiscal year to Oct. 1, 1976.

## CHART II

TRUST FUND STATUS—REDUCED TAX RATES, 6 PERCENT TICKET TAX, 3 PERCENT WAYBILL TAX, \$2 INTERNATIONAL TAX  
[In millions of dollars]

	Fiscal year—		Interim period	Fiscal year—			
	1975	1976		1977	1978	1979	1980
Trust fund income.....	939.7	757.9	803.7	864.7	931.8	1,000.3	
Prior year surplus.....	283.6	886.0	920.8	966.5	1,124.6	1,034.5	
Total.....	1,223.3	1,643.9	1,724.5	1,831.2	1,907.2	2,034.8	
Less annual appropriation.....	(624.7)	(765.0)	(819.5)	(870.0)	(904.0)	(990.0)	
Balance.....	598.6	878.9	905.0	961.2	967.2	1,044.8	
Plus earned interest.....	94.0	41.9	61.5	63.4	67.3	67.7	
Plus released reserves.....	193.4	0	0	0	0	0	
Surplus.....	886.0	920.8	966.5	1,024.6	1,034.5	1,112.5	

## NOTES

1. Income data are based on FAA projections of Dec. 4, 1974 adjusted for tax levels stated.
2. Fiscal year 1975 interest is based on Treasury data. Fiscal year 1976-80 interest computed on prior year tax balance at 7 percent.
3. Released reserves represent the amount held in reserve for obligational authority which was not used. The \$193,000,000 plus passed into surplus when title 1 of the act of 1970 expired June 1975.

The bulk of user revenues from commercial carriers results from the ticket, waybill and international taxes. However, most of the user revenues from general non-commercial aviation are obtained from taxes on fuel which are presently set at 7¢ a gallon. Revenues from this tax account for about 6% of total program taxes.

The second amendment would have reduced the aviation fuel tax by 1¢, to 6¢ a gallon, to afford a broader tax reduction than would be accomplished by lowering only the tax rates associated with commercial aviation.

Recognizing a need to review this matter, the Chairman of our Committee has agreed that next year we will consider what tax levels are appropriate to meet the needs of the programs authorized by the Committee on Public Works and Transportation, without generating a large surplus.

The third amendment would have dealt with a separate but related matter, exempting movement of persons by air ambulance from the 8% tax on air transportation. Present law does not provide an exemption from the tax on amounts paid for air transportation when an aircraft is used as an ambulance. This amendment would simply have exempted from the tax transportation of any injured or ill person in specially equipped aircraft used primarily for the transport of injured and ill persons, and not operated on an established line. Representatives of the Treasury Department have indicated that the revenue impact of this amendment would be negligible.

As the use of aerial medical evacuation equipment expands, and as the aircraft used for these purposes become more sophisticated, the lives and well-being of more injured and ill persons will be protected. The tax code should not, in our view, impede the development of these lifesaving services and we are hopeful that the Committee on Ways and Means will act to rectify this situation promptly.

H. T. SCHNEEBELI.  
 BARBER B. CONABLE, JR.  
 JOHN J. DUNCAN.  
 DONALD D. CLANCY.  
 BILL ARCHER.  
 G. VANDER JAGT.  
 PHILIP M. CRANE.  
 JIM MARTIN.  
 L. A. BAFALIS.  
 WILLIAM M. KETCHUM.

#### **VIII. Additional Views of Representatives Schneebeli, Conable, Archer, Vander Jagt, and Steiger**

The issue which the House must resolve is whether to authorize the use of Airport and Airway Trust Fund revenues for development of airport terminals. The Committee on Public Works and Transportation would expand the present uses of these Trust Fund revenues to include nonrevenue-producing terminal development; the Committee on Ways and Means would not.

Last year 467 passengers and crew members were killed in accidents involving U.S. airline planes, more than twice as many as the year before. The incident which took the largest toll occurred in December, 1974, just outside of Dulles International Airport, just miles from the Capitol. That incident, adjacent to a fine, well-developed terminal facility, helped to push U.S. airline fatalities to a fourteen-year high, and accident frequency to a nine-year high. Clearly, there is a need for improved safety.

The provision of Federal aid for terminal development could have a deleterious effect on safety. As Federal funds become available, great

pressures will be generated to construct excessively large, elaborate and costly facilities, all with the intention of permitting more takeoffs and landings. Of necessity, this will produce greater numbers of planes in a given area at any one time, aggravating the existing dangers. This is not the way to facilitate the movement of people by air.

Of course, once Federal funds are used for this purpose there will be pressure to increase the taxes used to support the Trust Fund. It would be preferable to reduce the user taxes now in place, as suggested elsewhere in this Report, to eliminate the present Trust Fund surplus. That, in and of itself, would reduce the pressure to use Federal funds for terminal development. For it is the Trust Fund surplus which is driving this move to expand the use of those revenues, not any real need.

Let us point out that there is already adequate provision for Federal support for air terminal development. The Internal Revenue Code excludes interest earned on Industrial Revenue Bonds from taxable income and these bonds may be used to finance, among other things, airport construction. Numerous municipalities and local governments have successfully utilized this device to construct airport terminals. There is no need to disturb this successful program.

H. T. SCHNEEBELL.  
BARBER B. CONABLE, JR.  
BILL ARCHER.  
G. VANDER JAGT.  
WM. A. STEIGER.

#### IX. Supplemental Views of Representative James G. Martin

In substance, I concur in the views submitted jointly by Mr. Bafalis and several of our colleagues. It is necessary, however, to mention an additional point of considerable concern.

This bill, because of an amendment added in the Committee on Ways and Means, makes airport terminal facilities ineligible for project funding. The objective of that restriction is purported to be to prevent airport expansion, thus preventing further congestion, thus helping improve safety records. That may be true at a few already overloaded airports, but not at most. The only way to have 100% air safety is to abolish aviation. I submit there are many American communities which need airport expansion and can expand without adverse safety consequences. They could thereby help carry more of the interconnection load and allow some relief of congested facilities.

In voting against the modified closed rule request for our Committee title to this bill, I—and I assume others—were hoping to see an open rule permitting floor debate on not only terminal facilities, but also the high tax rates and growing Fund surpluses so well discussed by Mr. Bafalis and those who signed with him. I commend their efforts and will support any effort they make, and I also urge support for the effort to strike this bill's language making terminal facilities ineligible for project funding.

JIM MARTIN.