

EXTENSION OF AIRPORT AND AIRWAY EXCISE TAXES AND TRUST FUND

(Prepared for Use of the Committee on Finance)

Present Law

Excise taxes are imposed on domestic air passenger tickets (8 percent), domestic air cargo waybills (5 percent), international passenger departures (\$3.00), and fuels for noncommercial aviation (12 cents per gallon on gasoline and 14 cents per gallon on other fuels).

Revenues from these taxes are deposited in the Airport and Airway Trust Fund to fund certain Federal airport and airway programs.

The aviation excise taxes are scheduled to expire after December 31, 1987. Authority to spend from the Airport and Airway Trust Fund is scheduled to expire after September 30, 1987.

Administration Proposal

The President's Fiscal Year 1988 Budget proposes to extend the aviation excise taxes and Airport and Airway Trust Fund expenditure authorizations for two years.

S. 1184 Trust Fund Authorization Levels

S. 1184, as reported by the Senate Committee on Commerce, Science, and Transportation, would extend Trust Fund authorizations for three years, fiscal years 1988-1990. Trust Fund authorizations under S. 1184 would total \$5.1 billion for fiscal year 1988, \$5.3 billion for fiscal year 1989, and \$5.8 billion for fiscal year 1990.

Other Congressional Action--H.R. 2310

Trust Fund authorizations

H.R. 2310, as reported by the House authorizing committees, would extend Trust Fund authorizations for five years, fiscal years 1988-1992.

Extension of aviation excise taxes and Trust Fund authority

On August 3, 1987, the House Committee on Ways and Means approved a committee amendment, to be offered as a revenue

title to H.R. 2310, which would extend present-law aviation excise taxes for five years, January 1, 1988 through December 31, 1992.

The Committee on Ways and Means amendment includes a provision to reduce automatically the air passenger ticket, cargo, and fuels taxes for the following calendar year, if Trust Fund appropriations for airport improvements, airway facilities and equipment, and research, engineering, and development for a fiscal year (beginning on or after October 1, 1987) total less than 90 percent of authorized levels. A tax rate reduction would occur only if the Trust Fund unobligated balance at the end of the applicable fiscal year is \$2 billion or more. The tax rate reduction would be equal to the percentage of the funding shortfall, but it could not exceed 50 percent.

The committee amendment also would provide an exemption from the aviation taxes for emergency medical helicopters owned or leased by a private non-profit health care facility when the helicopters do not use the federally assisted airport and airway system.