

**DESCRIPTION OF H.R. _____, THE
“FEDERAL AVIATION ADMINISTRATION EXTENSION ACT OF 2007”**

Scheduled for Markup
By the
HOUSE COMMITTEE ON WAYS AND MEANS
on September 18, 2007

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



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INTRODUCTION

The House Committee on Ways and Means has scheduled a markup of H.R. ____, the “Federal Aviation Administration Extension Act of 2007,” for September 18, 2007. This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of present law and a description of the bill. The bill provides for a three-month extension of the present-law taxes and the purposes for which AATF funds may be expended.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. ____, the “Federal Aviation Administration Extension Act of 2007”* (JCX-68-07), September 14, 2007. This document can also be found on our website at www.house.gov/jct.

**A. Temporary Extension of Airport and Airway Trust Fund Tax
and Expenditure Provisions**

Present Law

The Airport and Airway Trust Fund (“AATF”) provides funding for capital improvements to the U.S. airport and airway system and funding for Federal Aviation Administration (“FAA”) operations and programs, among other purposes. The Internal Revenue Code (the “Code”) contains the provisions that dedicate revenues from certain excise taxes to the AATF, provide the relevant expenditure provisions governing the purposes for which AATF monies may be spent, and set the period for when those expenditures may occur. The excise taxes credited to the AATF are (1) taxes imposed on the transportation of persons by air; (2) taxes imposed on the transportation of property by air; (3) fuels taxes imposed on gasoline used in commercial aviation and noncommercial aviation; and (4) fuels taxes imposed on kerosene (jet fuel) and other aviation fuels used in commercial aviation and noncommercial aviation. The tables below summarize the various tax rates.

**Table 1.–Taxes on Commercial Aviation
(other than fuel taxes)**

Tax Type	Tax Rate
Domestic air passenger tax	7.5 percent <i>ad valorem</i> tax plus \$3.40 per domestic flight segment in 2007
Use of international air facilities tax	\$15.10 per arrival or departure in 2007 (\$7.50 for departures only for domestic segments beginning or ending in Alaska or Hawaii)
Air cargo tax	6.25 percent <i>ad valorem</i> tax

Table 2-Taxes on Fuel Used in Aviation

Fuel Type	Tax Rate (excluding 0.1 cent for Leaking Underground Storage Tank Tax)
<u>Jet Fuel and liquids other than aviation gasoline</u>	
Commercial aviation.....	4.3 cents per gallon
Noncommercial aviation.....	21.8 cents per gallon
<u>Aviation gasoline</u>	
Commercial.....	4.3 cents per gallon
Noncommercial	19.3 cents per gallon

With the exception of 4.3 cents per gallon of the fuel tax rates, the taxes imposed and dedicated to the AATF do not apply after September 30, 2007.² The AATF expenditure authority expires on October 1, 2007. The purposes for which AATF funds may be expended are fixed as of the date of enactment of the Vision 100—Century of Aviation Reauthorization Act (Pub. L. No. 108-176, December 12, 2003).

Description of Proposal

The proposal extends the present-law taxes dedicated to the AATF through December 31, 2007. The taxes are extended at their current rates. The proposal extends the expenditure authority for the AATF through December 31, 2007, and adds the extension act as an authorizing act for purposes of determining the purposes for which AATF funds may be expended.

Effective Date

The proposal is effective on the date of enactment.

² The fuel tax consists of two components: 4.3 cents per gallon dedicated to the AATF and 0.1 cent per gallon dedicated to the Leaking Underground Storage Tank Trust Fund. The higher fuel tax imposed on noncommercial aviation similarly consists of an AATF component (21.8 cents per gallon for jet fuel, 19.3 cents for aviation gasoline) plus 0.1 cent per gallon for the Leaking Underground Storage Tank Trust Fund. For an exempt use (such as foreign trade or for the exclusive use of a State or local government), only the Leaking Underground Storage Tank Trust Fund tax of 0.1 cent per gallon applies. Except where specifically stated, the rates stated in this document are the AATF rates. (i.e., do not include the 0.1 cent-per-gallon Leaking Underground Storage Tank Trust Fund rate).