

Congress of the United States
Washington, DC 20515

August 4, 2011

The Honorable Douglas H. Shulman
Commissioner
Internal Revenue Service
1111 Constitution Ave., NW
Washington, DC 20224

Dear Commissioner Shulman:

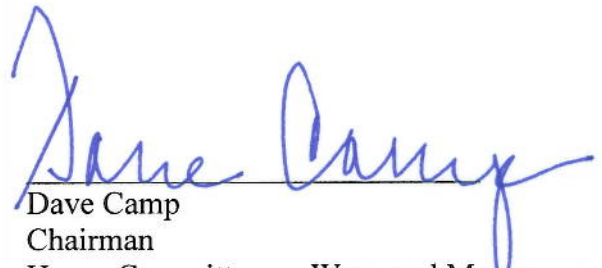
At midnight on July 22, 2011, the "Airport and Airway Extension Act of 2011, Part III" expired. The lack of an extension in expenditure authority from the Airport and Airway Trust Fund (trust fund), along with the expiration of excise taxes that support the trust fund means that since midnight on July 22, those taxes that expired have not been collected. The taxes that have expired include the 7.5 percent of fare tax charged to domestic air passengers, the domestic flight segment tax, and portions of the excise tax on non-commercial aviation fuel.

Tomorrow, August 5, 2011, we expect the Senate to pass H.R. 2553, the "Airport and Airway Extension Act of 2011, Part IV." As it was written and passed by the House of Representatives before July 22, this legislation does not contemplate a period of time where the trust fund taxes have lapsed. Given the August recess, it is not possible to consider the elimination of retroactive application of trust fund taxes at this time. As the Chairmen and Ranking Members of the tax writing committees in Congress, we are concerned about the impact on consumers and the aviation industry if these taxes are collected retroactively. Furthermore, we understand that the IRS has limited resources—some of which will be required to restart systems and processes to begin collecting these taxes again going forward—and that the retroactive collection of trust fund taxes would add further strain to those resources. Therefore, we encourage you to utilize all your discretion and authority to extend relief for passengers and airlines with respect to ticket taxes that were not paid or collected because of the lapse and provide the industry a three day period of time to restart processes to collect the taxes.

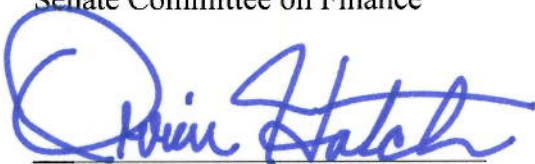
Sincerely,



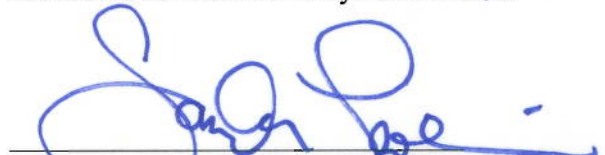
Max Baucus
Chairman
Senate Committee on Finance



Dave Camp
Chairman
House Committee on Ways and Means



Orrin Hatch
Ranking Member
Senate Committee on Finance



Sander Levin
Ranking Member
House Committee on Ways and Means