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THE WHITE HOUSE

WASHINGTON

August 10, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM CANNON

FROM: JIM CONNOR JEF

SUBJECT: Secretary Coleman's Proposal
on Aviation Noise Policy and
Implementing Legislation

The President reviewed your memorandum of August 7 on the above subject and made the following notation:

"Keep me posted. Very interested."

Please follow-up with appropriate action.

cc: Dick Cheney
Jim Lynn

68

August 9, 1976

Jim Lynn

The original of the attached memo
has been forwarded to the President.
This copy for your information.

Jim Connor

THE WHITE HOUSE

INFORMATION

WASHINGTON

August 7, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON 

SUBJECT: Secretary Coleman's Proposal on Aviation Noise Policy, and Implementing Legislation

Secretary Coleman is proposing for your review an eight-year, \$3.5 billion program, financed by airline users, to help replace today's fleet of commercial aircraft. The policy has these objectives:

1. To reduce noise levels at and around metropolitan airports. Aircraft noise is a serious problem for 6 million Americans, at 26 major airports; it is a significant problem for 60 million, at about 100 airports.
2. To stimulate the development of a new generation of aircraft. For the first time in eight years the U.S. has no new long-range aircraft suitable to replace the present fleet of planes, which will reach the end of their useful lives in the 1980's. The airline industry, in financial difficulty for some years, cannot obtain the financing to purchase new planes; therefore, they cannot finance a new prototype (which would probably cost \$1 billion).
3. To stimulate 240,000 private sector jobs in the aerospace and related industries.
4. To conserve energy. The new planes are 25 to 40 percent more fuel efficient.
5. To maintain our pre-eminent position in the international aviation marketplace in the face of stiff new competition from France and Germany. Sales of U.S. aircraft abroad are our second largest dollar export (agricultural products are first).

To finance this proposal, Secretary Coleman recommends legislation which would reduce the Federal ticket tax on airplane tickets, currently at 8 percent, to 6 percent, and simultaneously impose a 2 percent environmental surcharge on tickets. The revenues from the surcharge would go to the airlines in a special trust fund and be used to replace present noisy aircraft.

Secretary Coleman feels that EPA and FAA are under legal pressures to set new noise levels this fall. He would like to use that opportunity to meet other needs relating to jobs, energy conservation, and preservation of the aircraft industry.

Secretary Coleman, Paul O'Neill, Bill Seidman, and I have met to discuss this proposal. We outlined areas where further information is needed. An OMB action memorandum is in the process of revision after circulation among the senior staff.

Secretary Coleman feels strongly that a decision should be made by the end of August. He has been called to testify September 1 before the House Aviation Subcommittee on the Administration's policy on aviation noise.