

A BILL

To amend the Internal Revenue Code of 1954 to provide for the reduction of certain excise taxes on the transportation of persons and property by air, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Sec. 1. Section 4261 of the Internal Revenue Code of 1954 (relating to tax on transportation of persons by air) is amended --

(1) by redesignating subsection (e) as subsection (f) and by striking out "Reduction, etc. of rates. -- Effective" in redesignated subsection (f) and inserting in its place "Further reduction, etc. of rates. -- Notwithstanding subsection (e) of this section, effective"; and

(2) by inserting a new subsection (e) to read as follows --

"(e) Reduction of rates. -- The rate of the taxes imposed by subsection (a) and (b) shall be 6 percent, effective with respect to transportation beginning on or after the effective date of the imposition of a surcharge under section 418 of the Federal Aviation Act of 1958."

Sec. 2. Section 4271 of the Internal Revenue Code of 1954 (relating to tax on transportation of property by air) is amended --

(1) by redesignating subsection (d) as subsection (e) and by striking out "Effective" in redesignated subsection (f) and inserting in its place "Notwithstanding subsection (d) of this section, effective"; and

(2) by inserting a new subsection (d) to read as follows --

"(d) Reduction of rate. -- Effective with respect to transportation beginning on or after the effective date of the imposition of a surcharge under section 418 of the Federal Aviation Act of 1958, the rate of tax imposed by subsection (a) shall be 3 percent."

Sec. 3. Section 208(f)(1)(A) 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 1976 (as such Acts were in effect on the date of enactment of the Aircraft Noise Reduction Act of 1977);".

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EXPLANATION OF AMENDMENTS

Section 1 of the draft bill reduces the rate of the airline ticket tax from 8 percent to 6 percent upon the effective date of the imposition of an aircraft noise reduction surcharge approved by the Civil Aeronautics Board (CAB) under a proposed amendment to title IV of the Federal Aviation Act of 1958 contained in the proposed Aircraft Noise Reduction Act of 1977.

This section preserves the provisions of existing law which (1) reduce the ticket tax to 5 percent after June 30, 1980, and (2) terminate the international enplanement fee after June 30, 1980.

Section 2 of the bill reduces the rate of the airline waybill tax from 5 percent to 3 percent upon the effective date of the imposition of a noise reduction surcharge approved by the CAB under the proposed amendment to the Federal Aviation Act of 1958. Again, this section preserves the provision of existing law which terminates the airline waybill tax after June 30, 1980.

Section 3 of the bill amends section 208(f) of the Airport and Airway Revenue Act of 1970 (relating to permissible expenditures from the Airport and Airway Trust Fund) to allow Trust Fund monies to be used for the following two new purposes provided for in amendments to the Airport and Airway Development Act of 1970 contained in the proposed Aircraft Noise Reduction Act of 1977 --

- (1) grants to aircraft operators for the purpose of retrofitting aircraft for noise reduction purposes; and
- (2) grants to airports under the Airport Development Aid Program for the purchase and installation of noise monitoring equipment.

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