

105TH CONGRESS  
1ST SESSION

# H. R. 1389

To amend the Internal Revenue Code of 1986 to provide that the amount of the aviation excise taxes for any fiscal year shall equal the expenditures from the Airport and Airway Trust Fund for the prior fiscal year, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 1997

Mr. PACKARD introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that the amount of the aviation excise taxes for any fiscal year shall equal the expenditures from the Airport and Airway Trust Fund for the prior fiscal year, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. AVIATION TAX REVENUES TO MATCH AIRPORT**  
4 **AND AIRWAY TRUST FUND EXPENDITURES.**

5 (a) IN GENERAL.—Part III of subchapter C of chap-  
6 ter 33 of the Internal Revenue Code of 1986 (relating to  
7 special provisions applicable to taxes on transportation by

1 air) is amended by adding at the end the following new  
2 section:

3 **“SEC. 4283. AVIATION TAX REVENUES TO MATCH AIRPORT**  
4 **AND AIRWAY TRUST FUND EXPENDITURES.**

5 “(a) GENERAL RULE.—Except as provided by sub-  
6 section (b), if the aviation tax rates prescribed by the Sec-  
7 retary under this section for any fiscal year are greater  
8 than or less than the otherwise applicable rates of the  
9 aviation taxes, the rates so prescribed shall apply for such  
10 year in lieu of the otherwise applicable rates.

11 “(b) LIMITATION ON RATES.—In no event may the  
12 Secretary prescribe rates under subsection (a) which are  
13 greater than—

14 “(1) \_\_\_\_ per gallon in the case of the tax im-  
15 posed by section 4081(a)(2)(A)(ii) (relating to avia-  
16 tion gasoline),

17 “(2) \_\_\_\_ cents per gallon in the case of the  
18 tax imposed by section 4091 (relating to aviation  
19 fuel),

20 “(3) \_\_\_\_ percent and \_\_\_\_ percent, respec-  
21 tively, of the amount paid in the case of the taxes  
22 imposed by sections 4261 and 4271 (relating to  
23 transportation of persons and property by air), other  
24 than the tax imposed by section 4261(c), and

1           “(4) \$\_\_\_\_ on any amount paid in the case of  
2 the tax imposed by section 4261(c) (relating to use  
3 of international travel facilities).

4           “(c) DETERMINATION OF AVIATION TAX RATES.—

5           “(1) IN GENERAL.—Not later than September  
6 1 of each calendar year, the Secretary shall prescribe  
7 the aviation tax rates for the fiscal year which be-  
8 gins during such calendar year.

9           “(2) METHOD OF DETERMINING RATES.—The  
10 aviation tax rates prescribed by the Secretary for  
11 any fiscal year shall be rates which the Secretary es-  
12 timates will result in aggregate aviation tax revenues  
13 during such fiscal year equal to the aggregate avia-  
14 tion expenditures during the preceding fiscal year.  
15 Proper adjustments shall be made in the estimate  
16 under the preceding sentence to the extent that ag-  
17 gregate aviation tax revenues during any prior fiscal  
18 year (beginning after September 30, 1996) were  
19 greater than or less than the aggregate aviation ex-  
20 penditures for such prior fiscal year. Such adjust-  
21 ments shall be made consistent with Congressional  
22 Budget Office scoring procedures and shall be reve-  
23 nue neutral.

24           “(3) PROPORTIONALITY OF RATES MAIN-  
25 TAINED.—Each aviation tax rate prescribed by the

1 Secretary under this section shall be the rate which  
2 results in the same proportion of the aggregate avia-  
3 tion tax revenues for the fiscal year as the propor-  
4 tion of the aggregate aviation tax revenues for such  
5 fiscal year which would have resulted from the oth-  
6 erwise applicable rate.

7 “(d) DEFINITIONS.—For purposes of this section—

8 “(1) AVIATION TAXES.—The term ‘aviation  
9 taxes’ means—

10 “(A) the taxes imposed by subsections (c)  
11 and (e) of section 4041,

12 “(B) the tax imposed by section  
13 4081(a)(2)(A)(ii) to the extent attributable to  
14 the Airport and Airway Trust Fund financing  
15 rate (as defined in section 9502(f)),

16 “(C) the tax imposed by section 4091 to  
17 the extent attributable to the Airport and Air-  
18 way Trust Fund financing rate (as defined in  
19 section 9502(f)), and

20 “(D) the taxes imposed by sections 4261  
21 and 4271.

22 “(2) AVIATION TAX REVENUES.—The term  
23 ‘aviation tax revenues’ means, with respect to any  
24 fiscal year, the aggregate amount deposited into the  
25 Airport and Airway Trust Fund during such year by

1 reason of section 9502(b), reduced by transfers from  
2 such Trust Fund during such year under para-  
3 graphs (2), (3), and (5) of section 9502(d).

4 “(3) AVIATION EXPENDITURES.—The term  
5 ‘aviation expenditures’ means, with respect to any  
6 fiscal year, the aggregate budget authority for such  
7 year for expenditures from the Airport and Airway  
8 Trust Fund, combined with contract authority for  
9 such year (to the extent of any limitation on obliga-  
10 tions) for expenditures from the Airport and Airway  
11 Trust Fund.”

12 (b) OTHER AMENDMENTS.—

13 (1) Paragraph (2) of section 9502(b) of such  
14 Code is amended by striking “under section 4081”  
15 and all that follows and inserting “under section  
16 4081 with respect to aviation gasoline (to the extent  
17 attributable to the Airport and Airway Trust Fund  
18 financing rate);”.

19 (2) Paragraph (1) of section 9502(f) of such  
20 Code is amended to read as follows:

21 “(1) IN GENERAL.—Except as otherwise pro-  
22 vided in this subsection, the Airport and Airway  
23 Trust Fund financing rate is—

24 “(A) in the case of aviation gasoline sub-  
25 ject to tax under section 4081, 15 cents per

1           gallon (unless otherwise prescribed by the Sec-  
2           retary),

3                   “(B) in the case of fuel used in an aircraft  
4           in noncommercial aviation (as defined in section  
5           4041(c)(4)), 17.5 cents per gallon (unless oth-  
6           erwise prescribed by the Secretary), and

7                   “(C) in the case of fuel used in an aircraft  
8           other than in noncommercial aviation (as so de-  
9           fined), zero.”

10          (c) CLERICAL AMENDMENT.—The table of sections  
11 for part III of subchapter C of chapter 33 of such Code  
12 is amended by adding at the end the following new item:

“Sec. 4283. Aviation tax revenues to match Airport and Airway  
Trust Fund expenditures.”

13 **SEC. 2. ESTABLISHMENT OF ANNUAL RESERVE ACCOUNT**  
14 **IN AIRPORT AND AIRWAY TRUST FUND.**

15          Section 9502 of the Internal Revenue Code of 1986  
16 (relating to the Airport and Airway Trust Fund) is  
17 amended by adding at the end the following new sub-  
18 section:

19          “(g) ESTABLISHMENT OF ANNUAL RESERVE AC-  
20 COUNT.—

21                   “(1) CREATION OF ACCOUNT.—There is estab-  
22          lished in the Airport and Airway Trust Fund a sepa-  
23          rate account to be known as the ‘Annual Reserve  
24          Account’ consisting of such amounts as may be

1 transferred or credited to the Annual Reserve Ac-  
2 count as provided in this subsection or section  
3 9602(b).

4 “(2) TRANSFERS TO ANNUAL RESERVE AC-  
5 COUNT.—The Secretary of the Treasury shall trans-  
6 fer to the Annual Reserve Account any portion of  
7 the amounts appropriated to the Airport and Airway  
8 Trust Fund under subsection (b) which is in excess  
9 of the total amounts appropriated to the Airport and  
10 Airway Trust Fund in the prior fiscal year (includ-  
11 ing any portion transferred to the Annual Reserve  
12 Account in the prior fiscal year). Amounts trans-  
13 ferred to the Annual Reserve Account shall be pre-  
14 sumed attributable to tax rates prescribed under sec-  
15 tion 4283(a) which are greater than the otherwise  
16 applicable rates of the aviation taxes prescribed for  
17 the prior fiscal year, or to greater tax revenues re-  
18 sulting from increased user demand on the air trans-  
19 portation system, or to a combination of both fac-  
20 tors. For the purposes of the preceding sentence, the  
21 term ‘aviation taxes’ has the meaning such term has  
22 under section 4283(d)(1).

23 “(3) EXPENDITURES FROM ANNUAL RESERVE  
24 ACCOUNT.—Amounts in the Annual Reserve Account  
25 shall be available, as provided by appropriation Acts,

1 for the same purposes as amounts in the Airport  
2 and Airway Trust Fund are available under sub-  
3 section (d).

4 “(4) BUDGETARY TREATMENT OF ANNUAL RE-  
5 SERVE ACCOUNT.—Notwithstanding any other provi-  
6 sion of law except the Line Item Veto Act of 1996,  
7 the annual receipts and disbursements of the Annual  
8 Reserve Account—

9 “(A) shall not be counted as new budget  
10 authority, outlays, receipts, or deficit or surplus  
11 for purposes of—

12 “(i) the budget of the United States  
13 Government as submitted by the President,

14 “(ii) the congressional budget (includ-  
15 ing allocations of budget authority and  
16 outlays provided therein), or

17 “(iii) the Balanced Budget and Emer-  
18 gency Deficit Control Act of 1985; and

19 “(B) shall be exempt from any general  
20 budget limitation imposed by statute on expend-  
21 itures and net lending (budget outlays) of the  
22 United States Government.”

1 **SEC. 3. EFFECTIVE DATE.**

2       The amendments made by this Act shall apply to fis-  
3 cal years beginning after September 30, 1997.

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