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REMARKS PREPARED FOR DELIVERY BY FRANK W. LEHAN, ASSISTANT SECRETARY FOR RESEARCH AND TECHNOLOGY, AT THE FEDERAL AVIATION ADMINISTRATION REPORT-TO-INDUSTRY LUNCHEON, WASHINGTON HOTEL, WASHINGTON, D.C., TUESDAY, JUNE 11, 1968

I purposely checked my big black hat on the way in so you wouldn't immediately recognize me as one of the bad guys. Now I must confess to membership in the gang that proposed those onerous user taxes.

What's more, I'm glad we did. I even hope we can convince you to join our gang.

Several segments of our airways have reached or are approaching the point where what we might call the "queueing syndrome" sets in. At the exact point of saturation, well-regulated traffic can still move almost normally. Above that point, add even 1 percent - and this applies whether you're talking about airways, freeways, or even ocean roadsteads - and traffic begins to queue disproportionately behind the bottleneck. That 1 percent soon aggravates, slows or stops everything behind it. We all know the resulting frustration and costly delays.

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As I understand it, the airline industry expects its traffic to increase not just 1 percent, but by about 100 percent in the next five years. Aircraft in general aviation will probably jump 50 percent to 150,000.

With the increase in volume will come new complexity in the traffic mix. Jumbo jets will soon be emptying 400 passengers at once on airports and overland transport facilities unprepared to handle them. The V/STOL and SST aircraft are just over the horizon - or at least, so we all hope.

Many airports must plan to handle twice as many aircraft and more than twice as many passengers by 1973. Air route traffic control centers - which last year handled 15 million planes - must somehow prepare to handle twice that many in only five years.

I don't want to sound like an alarmist, but I'm sure many of you will agree that the future growth in aviation will to a large extent be limited by the way in which we handle our air traffic control and our noise problems. Solutions will not be simple - or cheap.

With your help we can bring the noise problem within manageable limits. We of course measure sound in decibels. An ordinary conversation has a noise level of about 50 decibels at a few feet. To raise that level to 60 decibels would require a loud shout. Reduce it to 40 and you have a whisper.

We just about have the technological know-how now to reduce aircraft noise by 10 decibels. In a few years we hope to make that 20. Coupled with efficient land-use planning in and around airports, that would make us socially acceptable to the airport community.

This will cost money. But the sooner we accept this expenditure as a step forward in public service, the sooner we will reduce public opposition to the planes of the future.

Actually, shrinking the noise area around airports can be a profitable venture. More and more land around the airport perimeter will be released to commercial use and will therefore increase in value. It will then be easier to zone the small region subject to an undesirable noise level to acceptable uses. Only last week I stayed at the International Hotel in Los Angeles, which is right off the runway. By

using double windows and other soundproofing devices they have completely shut out the noise. It was even quieter than home, because I didn't turn on the TV.

The air traffic control problem is larger and more vital. We can't compromise the safety of our pilots and passengers. We will either have a system that can handle the traffic safely or we will have to reduce the traffic to what the system can handle.

Recently I have toured the country, looking at our traffic control system. I have been exposed to FAA's advanced thinking - to the advanced programs - to the work that is going on. I've talked with the very competent and dedicated people responsible.

Also from past experience I have some familiarity with what I shall call the Space Traffic Control System. And let me assure you that these two programs are orders of magnitude apart in the technological vigor with which it has been possible to pursue them. Money has flowed freely to perfect our space tracking systems but we've had only a comparative trickle for technological advancement of the system that last year controlled the safety of some 98 million airline passengers.

I think it's time that the aviation industry and the FAA benefit by some fallout from the space program. Needling some of my NASA friends, I've told them that what we at DOT need in fallout from NASA is a large box about so big. It would be filled with paper. The paper would be green - and crinkly - and have large numbers on it.

Not really, of course - what we need from NASA is to share their experience with advanced technologies that might be applicable to our problems.

So where do we get the billions of dollars necessary to modernize the air traffic control system - to hire and train more technical people - to establish new towers, expand radar and communications capabilities, install more instrument landing systems - to build some 900 new airports and improve existing ones?

The answer already has been supplied by President Johnson. In a letter to Secretary of Transportation Boyd, he said: "Those who benefit most from such expenditures, the aviation industry and the flying public, should pay their fair share of the costs of the system needed to handle the increase in air traffic while maintaining a high level of safety. I do not believe the general taxpayer should be asked to shoulder this burden."

We now have two taxes that are considered to be user charges. One is a 5 percent tax on domestic airline passenger tickets. The other is four cents per gallon on aviation gasoline, half of which is refundable on request.

At the present level of taxation, revenues for 1969 would be some \$261 million - far less than half of what we need to begin such improvements to the airways system. To help close this gap, we are asking the Congress for four changes in the tax laws:

- an increase in the passenger tax from the present 5 percent to 8 percent;
- a new tax on freight waybills of 8 percent;
- an increase in the tax on general aviation gasoline from the present two cents per gallon to ten cents by 1972; and
- a new tax on jet fuels used by general aviation of 7 cents per gallon in 1969, graduating to ten cents by 1972.

This new tax schedule would produce about \$500 million in revenues to help meet the civil share of the 1969 budget, rising to about \$760 million by 1973. There would still be a substantial contribution from the general taxpayer.

We expected the reaction from private fliers to bend the needles on our noise recording equipment. Last week we discovered ATA wasn't happy either. In a way perhaps it proves Secretary Boyd's point that these proposals are fair and will not place an undue burden on any segment of aviation. With everybody denouncing us - a condition to which we have lately become inured - it seems evident that we aren't playing any favorites.

The 3 percent increase in passenger tax will amount to an average cost of about \$1 per trip.

The 10-cent tax on fuel will add about a half cent a mile to the cost of flying a single-engine private plane - a cost that already is some 18 cents a mile. We estimate that in most cases the fuel tax will add less than 3 percent to operating costs.

Under the present tax schedule, commercial airliners pay about 82 percent of the costs involved in providing the airway facilities and services they use. General aviation pays about 4 percent of the airways costs that can be attributed to private flying. The new proposals would increase that to about 20 percent, which appears to be all they can realistically afford to pay at present.

Much of the general aviation flying in this country is done in connection with business so it is tax deductible. Therefore, actual costs to the owner may well be only half of the paper costs. As to the question of ability to pay, Time magazine did a profile of new plane buyers in 1963 which showed a median income of \$33,000. Seventy-five percent of those surveyed told Time they intended to use their planes for business. Those are the most recent figures available, but there is no reason to expect the figures have changed very much.

There's no doubt that we need the revenue. There's no doubt that we will expend it in your interest. In my mind there's no doubt that we should have enough money - soon - for FAA to start procurement at the systems level rather than at the black box level.

One of the big questions of controversy seems to be: Why not a trust fund? I leaned that way myself to begin with. It gives us a firm figure to tie to in advanced planning, it makes sure that air revenue is applied to air services, it somewhat simplifies the appropriations ordeal.

But when you go to trust fund financing, you're very apt to be limited to the money in that trust fund. Whenever aviation makes a dynamic breakthrough that requires immediate and extraordinary funds for support services, we in the Department of Transportation trying to get those extra funds would be told: "Forget it. You have a trust fund. What you get out of that is what you can have."

Most importantly, trust fund financing probably isn't the way to run a government. If all the money from liquor taxes, for instance, were invested in bars, Congress might have the happiest constituency in the world - but we'd be a little short on such things as postal services and schools.

We've presented to the Congress an equitable, well-reasoned bill that will give us the funds to do a very necessary job for the aviation industry without retarding that industry in the process.

I might make one last point. We're having a little trouble with money in Washington this year - if we don't get it from you fellows we're pretty sure not to get it at all!

Thank you.