



DEPARTMENT OF TRANSPORTATION

NEWS

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EXCERPTS OF REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION JOHN A. VOLPE, BEFORE THE NATIONAL BUSINESS AIRCRAFT ASSOCIATION, WASHINGTON HILTON HOTEL, WASHINGTON, D.C. TUESDAY, SEPTEMBER 23, 1969, 6:00 P.M.

There is a feeling among some aviation people that their growth problem is unique and that, therefore, they should receive special assistance.

Gentlemen, the same pattern of tremendous growth and imbalance is common to our whole transportation system. The number of automobiles in America is increasing by well over 10,000 every day -- automobile usage is increasing by 40 percent every eight years.

The railroads are now carrying about 750 billion ton miles of freight. In five years, that figure will jump to one trillion ton miles.

Our commercial airlines are adding thousands of new passengers every day. In your own field -- there are 150 new planes added to the fleet every week; total general aviation hours are increasing by 4,000 a day.

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On the ground, in public transportation, the situation is reversed. In recent years, 235 bus and transit companies have gone out of business. In the past 25 years, transit fares have tripled and during the same period, passenger totals have declined by two-thirds. Yet, public transit is the sole means of transportation for many Americans. Half of our minority group households have no car. More than two-thirds of households with incomes of less than \$2,000 a year are without an automobile. We are, consequently, determined to help mass transit.

And these transportation problems must be seen against our changing population patterns. The total number of Americans increases 180,000 a month.

These are the kinds of challenges I am dealing with every day. If you think you have problems, then ... welcome to the club. The point is that meeting these transportation needs is going to place tremendous demands on limited resources.

The aviation crisis can be defined in a few words. Our aviation facilities -- both in the air and on the ground -- are simply not keeping pace with the production of aircraft or the demand for air service.

Our Federal Aviation Administration's air traffic control system consists of more than 4,000 field installations. These range from the 400 man en-route air traffic control centers with complete radar coverage down to unmanned, simple radio beacons. It goes without saying that the operation and maintenance of these facilities is a sizeable financial undertaking. We have determined, for example, that the cost to the government of one average IFR (Instrument Flight Rules) flight by an airliner or executive jet from Boston to New York -- 185 miles -- is about \$54.

Such a flight from Los Angeles to New York costs the government about \$114.

Even a VFR (Visual Flight Rules) flight involving only tower and FSS (Flight Service Station) facilities has a cost that can be allocated to the taxpayers. A short VFR flight from, say, Tulsa to Wichita -- 130 miles -- costs the government about \$12.

These are expensive services, but more importantly, they are special services -- services which are of immediate benefit only to aviation and the passengers who travel in planes. Now it is the policy of this administration that those who derive direct and immediate benefit from government services should help pay for those services. There is nothing new about this idea. In general terms, our social security program is based on this idea. And, of course, it is the basis of the very successful highway trust fund created during the administration of the late President Eisenhower. These highway user charges in the form of Federal gasoline taxes have given our Nation the greatest highway system in the world.

There may be a lesson in the history of the highway fund that applies to the aviation industry. I had the honor of being the first Federal Highway Administrator. I remember that some of the opposition we had came from the automobile and highway industries. Those early opponents, however, are now the strongest supporters of the highway program. I foresee the distinct possibility that our aviation user charge proposals will go through the same cycle.

I also want to emphasize that we are not asking aviation to pay the complete costs of the services provided them. The non-flying general taxpayer will still be paying a share -- no question about it. If the President's legislation is approved by the Congress, and we are optimistic about its chances, the revenues from general aviation in the first two-year period would come to around \$113 million. During this period, however, general aviation could be utilizing airways services that cost as much as \$600-million. During the same period, an additional \$50-million would be spent for general aviation airports and part of an additional \$320-million would be spent on reliever airports. During the ten-year span of the program, in fact, total revenues from the user charge will still be \$2.5 billion short of the Government's aviation costs.

You get some idea of the size of the program from our personnel requirements. We shall require 2,000 additional controllers every year for the next ten years. We shall have to recruit an additional 800 men every year just for the installation and maintenance of nav aids.

Let me make another very important point. We have drawn up our user charges on the basis of usage of our facilities. These allocation figures, however, are not final. They are not locked-in. We are aware that allocating airport and airways costs is a highly complicated and lengthy process.

A key section of this Bill calls for the implementation of a two-year study to determine what share of airport and airways expenses should be allocated to each segment of aviation. Let me add that you members of the National Business Aircraft Association will participate with us in this study -- as will representatives from other sectors of aviation.

We want the best and most exact information we can get. And on the basis of this study, we shall, if necessary, make appropriate adjustments in the tax levels.

We already have a pretty good indication of the usage of our facilities by general aviation.

Last year, for example, the total of air carrier aircraft contacted by our FAA Flight Service Stations was about 700,000. Total for general aviation -- nearly 8-million.

Total air carrier itinerant operations at airports with FAA towers last year -- 10 million. For general aviation -- 22-million.

Our FAA towers also recorded an additional 19-million local operations for general aviation. And our FAA centers handled some 3-million general aviation aircraft. There is no question that general aviation is a major user of our airways facilities.

The details of the President's plan are well known. Our Bill calls for increasing airline passenger ticket tax from five to eight percent. We would also impose a new tax of \$3 on passenger tickets for most international flights beginning in the United States and for flights to Alaska and Hawaii. The program also calls for five percent tax on air freight waybills.

Concerning general aviation -- we propose to eliminate the two cent per gallon refund on gasoline and substitute instead a flat nine cents a gallon tax on all fuels used by general aviation.

The funds derived from these user charges will be placed in a designated account. Those funds will be available only for airway and airport improvement and expansion. This is legislation designed to cope with a near-emergency situation.

I hope that as you consider our program, you will accept at least one basic truth. And that is, that if our proposed user charge legislation fails to be enacted, the projected growth of American aviation is simply not going to take place. We will become second rate faster than it takes to say "cleared for takeoff."

I am fully aware, through working with the President and his staff on this Bill -- and from other meetings -- that we are firmly committed to a sound budget. That is the by-word of this administration. And -- candidly -- there is not enough "stretch" in that budget to pay for the major expenses that will come with the expansion of airport-airway facilities.

I am confident that this Nation will get the statesmanship it has come to expect from the aviation community. After all, yours is an industry -- especially in general aviation -- that has justly earned a reputation for leadership, clear-thinking, and solid responsibility.

There is a very real danger, however, that "maverick" segments of aviation, pursuing immediate interests, could hinder passage of this Bill. And if those who oppose this Bill should win their battle, I am afraid all of us together would lose our war.

This is "must" legislation. I solicit your support, because there is more than just aviation involved here. All transportation -- including air travel -- means freedom. Restrict the mobility of a people and you restrict freedom of choice. Freeze the mobility of a society and you hinder growth.

On the other hand, enlarge and improve the mobility of a people and you increase the diversity and the quantity of social and economic opportunities. Provide better transportation for a Nation and you contribute to its growth.

I want to provide better transportation. I want to see all forms of transportation expand and grow -- I want to see our economy expand and grow. I want to see more jobs. I want to see more people being able to afford the things they need and want.

This is why we need your support. Together, we can help this Nation maintain its pre-eminence in aviation. Together, we can prevent that all-too-real threat of being "second-rate." Together, we can develop, expand, and efficiently utilize our rapidly shrinking airspace, a precious natural resource.

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