OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

March 21, 1975

To Editors and Correspondents,

The attached statement and fact sheet on the Airport and Airway Development Act of 1975 and Airport and Airway Revenue Act Amendments of 1975 were released during President Ford's visit to South Bend, Indiana, on March 17.

Because of the release point, it may be that this information has not come to your attention,

Sincerely,

H. David Crowther
Assistant to the Secretary
and Director of Public Affairs

fact sheet

U.S. Department
of Transportation
Office of Public Affairs
Washington, D.C.
20590

The information contained in this fact sheet has been checked for accuracy and corrected as of the date shown below. The Office of Public Affairs should be contacted if further information is required.

Subject: AIRPORT AND AIRWAY DEVELOPMENT ACT OF 1975
AND
AIRPORT AND AIRWAY REVENUE ACT AMENDMENTS OF 1975

Date: MARCH 17, 1975

Phone: 426-4321

Today the President is transmitting legislation to Congress designed to restructure the Federal airport and airway development programs. This will provide approximately $3 billion over five years, mostly on a formula basis, thereby substantially reducing Federal involvement while increasing State and local discretion over aviation facilities development.

PURPOSE

- Extends and restructures the existing Federal airport and airway development programs.
- Provides approximately $3 billion over five years, FY 1976-1980, for capital airport and airway development.
- Reduces Federal involvement in local airport development and increases State and local flexibility in the use of funds.
- Strengthens the principle of user responsibility for financing most of the airport and airway programs and allocates the user fees more equitably among aviation users.

MAJOR PROVISIONS

- Provides direct formula grants to air carrier airports ($240 million per year, which will increase as aviation grows) which replaces the present project-by-project approval program.
- Expands projects eligible for funding to include passenger and baggage handling facilities.
- Establishes an across-the-board 25% local matching requirement and removes Federal restrictions which currently prevent State and local governments from imposing certain airport taxes.
- Allocates $50 million per year for general aviation grants on a formula basis to the States with gradual shift of program management and funding responsibility to the States. As of the end of fiscal 1978, the last year of transition, the Federal program will be eliminated and the Federal general aviation taxes reduced appropriately.

- more -

- o Establishes a $60 million per year discretionary capital assistance and planning program for air carrier needs which are not adequately covered by the formula grant program.

- o The aviation user fees would be restructured to achieve greater equity among the users by:

  - reducing domestic airline passenger ticket tax from 8% to 7% (about $100 million annual reduction)

  - raising the international per passenger enplanement fee from $3 to $5 (about $35 million annual increase)

  - increasing the general aviation fuel tax on noncommercial users from 7¢ per gallon to 15¢ (about $65 million annual increase)

- o Continue funding Federal air traffic control and navigation equipment at the present $250 million annual level.

- o Expand the Aviation Trust Fund to cover the direct maintenance costs of operating the airways facilities system. Currently, the Trust Fund covers only airway and airport capital costs.

FUNDING

Annual amounts for capital programs:

- Air carrier and reliever airports (about $240 million directly to air carrier airports by formula and $60 million by Secretarial discretion)	$300 million
- General aviation airports (block grant to States, terminates in fiscal 1979)	$50 million
- Federal airway facilities programs	$250 million

TO THE CONGRESS OF THE UNITED STATES:

In my fiscal year 1976 Budget Message, I stated that my Administration would transmit legislation to restructure existing Federal airport and airway development programs. Following extensive consultations with members of the Congress, State and local governments, aviation groups, and others, I am today sending a comprehensive legislative program to the Congress.

To help ensure continued improvement in the safety and efficiency of the Nation's excellent air transportation system, this program will extend for five years the 1970 Airport and Airway Development Act to provide funding authorizations for fiscal years 1976-80.

As an additional step to enable State and local officials to plan and to manage Federal airport assistance effectively, this bill would establish a multi-year, predictable formula to allocate the bulk of the aviation grants funds directly to States and local airport sponsors. This formula approach, coupled with other features of this bill which provide more flexibility in the use of Federal assistance, will enable State and local officials to address their highest priority airport needs while reducing burdensome Federal red tape. I am also proposing removal of federal restrictions which currently prevent State and local governments from imposing certain airport taxes.

One of my principle goals is the establishment of strong partnerships among Federal, State and local governments in the execution of national domestic programs. Consistent with this goal, this legislation provides for gradually increasing the responsibility of the States in the general aviation program. With many States using new general aviation facilities to stimulate community development, this is an appropriate step at this time.

The legislation I am proposing today also includes a separate measure to adjust the revenues accruing to the Airport and Airway Trust Fund. These adjustments are designed to generate financial contributions from the users of the aviation system which more equitably match the system benefits they receive. In this connection, I am requesting that user revenues also finance the direct costs of maintaining air navigation facilities.

I commend the Congress for initiating hearings on this important problem and for its prompt attention to the extension of the airport and airway development program. I have asked Secretary Coleman to work closely with the Congress to insure speedy enactment of the aviation program I have proposed to meet the challenges of a growing America.

/S/ Gerald R. Ford

THE WHITE HOUSE.

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