

Section 2. TITLE 49 UNITED STATES CODE

20. GRANT AUTHORITY.

Title 49 U.S.C., Section 471 04(a) authorizes the Administrator to make grants for airport planning and development in the United States and certain other entities as described in Paragraph 25. The grants assist the development of public-use airports served by air carriers, commuters and general aviation.

21. REVENUE SOURCES.

The Airport and Airway Trust Fund, which was established by the Airport and Airway Revenue Act of 1970, provides the revenues used to fund AIP projects. The Trust Fund concept guarantees a stable funding source whereby users pay for the services they receive. In 1997, Congress enacted new taxes that fund the Trust Fund. Each component of the taxes and the percentage of the total revenue derived from them during FY 2003 are shown in Table 1. The percentages show relative contributions of taxes.

Table 1 Aviation Taxes

| AVIATION COMPONENT | COMPUTATION FORMULAE | PERCENT |
|--|--|---------|
| Domestic Passenger Ticket Tax <i>(Including Areas of Canada and Mexico Not More Than 225 Miles from the Continental United States)</i> | 7.5% from October 1, 1999, to September 30, 2007 | 49 |
| Domestic Passenger Flight Segment | \$3 per Segment during Calendar Year (CY) 2002 Indexed to Consumer Price Index (CPI) after CY 2002 | 20 |
| Passenger Ticket Tax at Rural Airports <i>(Having Less Than 100,000 Boardings and More Than 75 Miles from an Airport with 100,000 Boardings)</i> | 7.5% of Ticket Cost Beginning Oct. 1, 1997 (Excludes Flight Segment Component) | 1 |
| International Departure and Arrival Taxes <i>(Where Domestic Tax Does Not Apply)</i> | \$12 Per Person Departure Tax Plus \$12 Per Person Arrival Tax Beginning Oct. 1, 1997 Indexed to CPI Beginning Jan. 1, 1999 | 15 |
| Special Rule for Flights between Continental US and Alaska or Hawaii | \$6 Departure Tax for International Facilities Indexed to CPI Beginning Jan. 1, 1999 Plus a Portion of the Domestic Passenger Ticket Tax | |
| Frequent Flyer Tax | 7.5% of Frequent Flyer Award Value | 2 |
| Waybill Domestic Freight and Mail | 6.25% of Shipment Cost | 5 |
| Commercial Fuel Tax | 4.3¢ Per Gallon | 6 |
| General Aviation Fuel Tax | Aviation Gasoline – 19.3¢ Per Gallon Jet Fuel – 21 .8¢ Per Gallon | 2 |

22. AIP AUTHORIZED FUNDING LEVELS.

The Act, as amended, authorizes the use of monies from the Airport and Airway Trust Fund to make grants under the AIP on an annual fiscal year basis. Figure 1 and Table 2 depict amounts (in millions) that were authorized and subsequently limited by appropriations acts for the AIP. Appropriation limitations generally fall short of authorized levels.

Funds authorized but remaining after a fiscal year, due to appropriations limitations, carry forward to future fiscal years unless the Congress takes specific action to limit such amounts. During the annual appropriations process, Congress may also limit the funding that may be obligated for grants to an amount that differs from the annual authorization. (See Paragraph 32.) Rescissions may be enacted as a bookkeeping device reducing the authorized level to the amount limited by appropriations acts.

23. TYPES OF AIRPORTS AND AIRPORT ACTIVITIES.

The only airports, or portions thereof, eligible for AIP funding are public use airports that serve civil aviation. The definition for airports in the law refers to any area of land or water used or intended for landing or take-off of aircraft. This includes, within the five categories of airports listed below, special types of facilities including seaplane bases, heliports and facilities to accommodate tilt rotor aircraft. An airport includes an appurtenant area used or intended for airport buildings, facilities, as well as rights of way together with the buildings and facilities.

When aircraft operators are exempt from paying the aviation taxes described in Table 1, their airport activity would not be included in the justification or design for an AIP project. (For instance, certain Federal agencies that operate Government-owned aircraft for firefighting do not contribute to the Airport and Airway Trust Fund.) An exception to this general rule has been identified within 49 USC 47504(c)(6) for approved noise compatibility programs involving military aircraft. The statute authorizes use of AIP funds where military aircraft are the primary cause of noise provided FAA approved the compatibility program with that activity as justification.

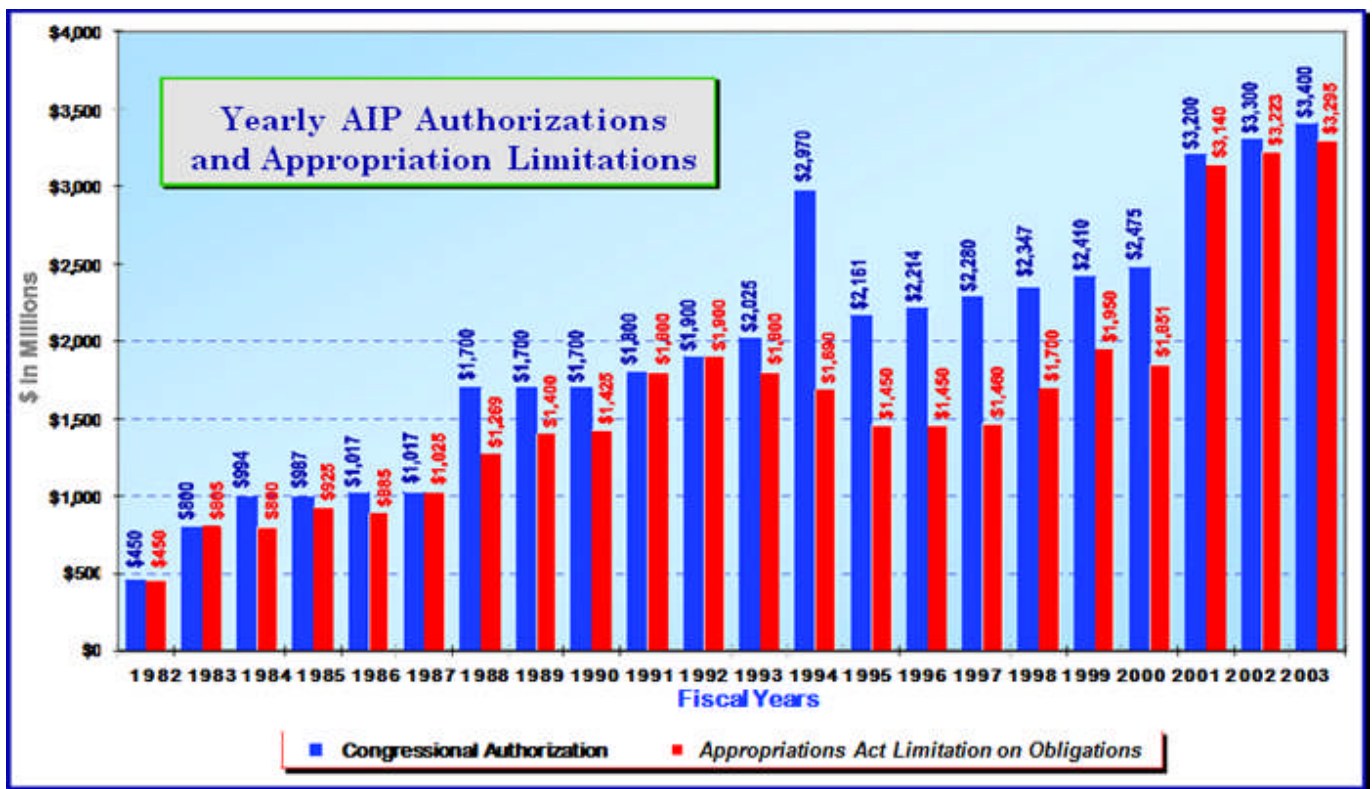


Figure 1 Typical Correlation between Yearly Authorization and Appropriation Levels

The law defines airports by categories of airport activities, including commercial service, primary, cargo service, reliever, and general aviation airports. Categories in Table 3 are defined as follows:

Commercial Service Airports are publicly owned airports that have at least 2,500 passenger boardings each calendar year and receive scheduled passenger service. **Passenger boardings** refer to revenue passenger boardings on an aircraft in service in air commerce whether or not in scheduled

service. The definition also includes passengers who continue on an aircraft in international flight that stops at an airport in any of the 50 States for a non-traffic purpose, such as refueling or aircraft maintenance rather than passenger activity. **Passenger boardings** at airports that receive scheduled passenger service are also referred to as **Enplanements**. A pilot program on airport privatization may apply to individual commercial service airports, in which case, some private rather than public ownership provisions are allowed. Questions on it should be directed to the Airport Compliance Branch, AAS-400.