

February 8, 1974

SENATOR WALDRON: No Senator Cavanaugh, it is not the point and you know it.

SENATOR CAVANAUGH: No I don't know it that is why I am asking the question. Is the point to reduce the tax burden on air companies doing business in the state of Nebraska by \$68,000?

SENATOR WALDRON: That is, sure that will do that Senator Cavanaugh, you know it will do that, I have already stated that is what it will do and hopefully, and it has been said by the airlines, see the economics of the situation is this Senator. When a plane lands in Des Moines and he lands in Omaha and he also lands in Colorado, when he gets to Des Moines and it depends on the passenger load there, if he has certain amount of passengers, let's say that he has a full load and can't load more fuel, and so then he will have to refuel in Omaha to make it on to Colorado. He is going to pay a premium of 2½¢ premium for putting on fuel in Omaha. So what they will do like in Des Moines, rather than load that many passengers just on the economics of the thing, they can drop off passengers and put on more fuel in Des Moines so that they can make it all the way to Denver before they have to refuel instead of taking on fuel in Omaha. So what really, it is not going to drop in reduction they say that they will buy more fuel to make up the difference in the state of Nebraska. The reason that they are interested in getting it reduced is primarily because it is the highest fuel tax in the state, if we reduce the fuel I think that we have to reduce it more than this, we would have to reduce the fuel tax more than we are. If we are going to encourage airline industry to come to Nebraska. That is to develop certain industry that are airports that require a lot of airplanes to fly it out. Do we have any aircraft manufacturing in the state of Nebraska? No. Do they have in Kansas? Sure. Does Kansas have a fuel tax? No. So that is the difference, Senator. This we hope to try and promote industry by doing this too.

SENATOR CAVANAUGH: Well can I ask you where you got your fiscal impact from?

SENATOR WALDRON: Well Senator, it is very simple. We took the figures that the airlines bought last year. That is a very simple figure to derive at, I mean 1972, very simple figure to derive at because the Department of Aeronautics can supply you that if you wish to have it, it is a certain millions of gallons and it is purchased in the state of Nebraska by each airline, they have an exact total of how many gallons the purchase. Then we take the figure that we are going to reduce the tax from 5-10 million gallons, I will try and explain this to you in detail, it is from 5-10 million gallons, we are reducing it by ½¢ so we take ½¢ times the number of gallons that was purchased by one individual company or any individual companies between 5-10 million gallons, we arrived at a certain figure. Then we reduced the tax 1¢ for all gallons that he sold over 10 million so we take that figure that was over 10 million gallons by this one airline. We take that times 1¢. Then we take these two figures and we add the two and then we come up with \$68,000.

SENATOR CAVANAUGH: Alright thank you Senator Waldron. All I can say is that if we are in the state of Nebraska being unduly oppressive to the airline industry to the tune of \$68,000 a year, I think that is minuscule due to the, in comparison to the business that they transact in the state of Nebraska. I don't think that any airline could even reasonably make an argument that a reduction of \$68,000 is going to be even any assistance to them and either the figures are grossly inaccurate or the airline companies are in much financial trouble than anyone could reasonably expect, because \$68,000 giving my impression of