

February 4, 1985

LB 272

CLERK: 30 ayes, 0 nays on adoption of the committee amendments, Mr. President.

PRESIDENT: The amendments are adopted. Senator Johnson.

SENATOR V. JOHNSON: Mr. Speaker and members of the body, the Department of Aeronautics is funded almost entirely from the aviation gas tax. It is kind of like, I suppose, our Department of Roads that, to a large extent, is funded by the motor vehicle fuel tax, plus the sales tax on cars, plus some licensing fees and the like. But so too is the Department of Aeronautics funded by a dedicated tax, i.e. the aviation gas tax. Way back in the 1930s, when the Department of Aeronautics was first established, we set the aviation gas tax at a nickel a gallon. However, in the 1940s, in a moment of some peak, the Legislature decided that it would leave the aviation gas tax at a nickel a gallon, but it would allow people who use the aviation gas tax to apply to the Department of Aeronautics for a refund of two and a half cents. So from the mid 1940s forward the effective gas tax rate for aviation fuel was two and a half cents a gallon as opposed to a nickel a gallon. This is kind of a silly system, is it not, to have a tax of a nickel a gallon, and then you just apply for a refund and you get two and a half cents back. I mean why not just have a tax of two and a half cents. Well a lot of people have thought about that important issue for a long period of time, but is has taken the Department of Aeronautics approximately 30 years to get its act together so that we could eliminate the credit and have an across-the-board gas tax. This is the bill for the across-the-board aviation gas tax. Now the Department of Aeronautics has decided that instead of having the gas tax at two and a half cents per gallon, which is what mathematical logic would dictate, it will have the gas tax at three cents a gallon. So we, in effect, will have a small revenue increase. But that increase will only be on jet fuel which funds the bulk of the work of the Department of Aeronautics is the jet fuel tax. The airline industry has agreed. They have agreed that this small tax increase is okay by it. It is not troubled by that small jet fuel gas tax. In fact, I don't think any person from the airline industry even appeared in opposition to the bill at the