

[Attachment A, 3]

RESULTS OF APPLICATION OF HYPOTHETICAL EXPENDITURE LIMITATIONS INCLUDING \$300, \$400, AND \$500
FLAT LIMITATIONS TO EXPENDITURE PROFILE OF U.S. TRAVELERS TO EUROPE ON SCHEDULED FLIGHTS

Limitation	Overage ¹ (in thousands)	Percent of over- age to total expenditures	Estimated savings ² (in millions)
\$500, or \$25 daily, whichever is higher.....	\$1,420	33.9	\$440
\$600, or \$25 daily, whichever is higher.....	1,117	26.7	347
\$1,000, or \$25 daily, whichever is higher.....	679	16.2	210
\$500.....	1,993	47.6	619
\$400.....	2,356	56.2	731
\$300.....	2,746	65.6	853

¹ Amount of total expenditures over indicated limitations based on 5,395 travelers with total expenditures of \$4,188,000.² Based on estimated 1968 expenditures of \$1,300,000,000 for scheduled air passengers to Eastern Hemisphere countries.

Mr. ULLMAN. Turning to another matter, this 5-percent tax, you made a rather convincing statement in opposition to it but what you are saying in effect is that you agree to the 5-percent domestic tax as an air facility use tax.

Mr. TIPTON. Airways.

Mr. ULLMAN. Airways use tax, but you are saying then that the passengers in international travel should not pay anything to contribute to airway use, is that right?

Mr. TIPTON. No; if I left that impression I want to make it clear. We have been working toward the payment of a user charge for international facilities. Our objection here is not with respect to payment, but the process by which it is arrived at.

In thinking of user charges we feel that the result of the user charge should pay the proper share of the use of the facilities and no more. That involves you in making a determination of the cost of the facilities, the proper share to be borne by the operation concerned, and then a determination of a user charge method to pay it.

Now, none of this is done here. This is just put before the committee without justification, so that what we are saying is that what we ought to do is carry out the process the United States has started along with the other foreign governments, determine what the cost is as far as the United States and other governments are concerned, lay down guidelines so that our Government doesn't charge any more than it should, so that, and this might be even more important, no other government will charge more than it should.

Mr. ULLMAN. You are leading yourself into a little bit of a trap, Mr. Tipton, because a lot of people don't think that the 5-percent domestic tax covers the cost of airway use, particularly in view of the cost that we are going to have to incur on airline safety, and if the costs were more would you concur that the passengers might be required to pay it?

Mr. TIPTON. Our policy has been for years that we will pay our fair share of the cost of the airways system. I think that our present \$200 million contribution through the ticket tax is adequate payment for our share.

Now, I emphasize, I think, because that is a very debatable area and I think at some stage this committee may well consider the whole user charge problem since they have before them recommendations from the administration on it.

At that point I will look forward to arguing before this committee