

as setting a trend for other airlines to follow. The CAB has frequently cited PSA as an airline that can offer fine service on the finest jet equipment possible *BUT* at low fares.

For example, our air fare between Los Angeles and San Francisco is \$13.50 or \$11.43, depending on the type of equipment being utilized. The air fare between Los Angeles and San Diego is \$6.35. A flat \$1.00 tax on these flights would represent a 7.4%, 8.7%, and 15.6% increase, respectively!

I do not intend to bore you with countless figures and statistics pertaining to the growth of passenger totals with our addition to certain air routes. However, it might be noted that the Los Angeles-to-San Francisco air route has become the heaviest-traveled in the world—due, primarily, to the low fares inaugurated by this airline and followed by other carriers. And in Sacramento, total traffic for all carriers increased 67% in the second month of operation following our addition to the Los Angeles-Sacramento air route in February, 1967. While increases since that time have, of course, not been so pronounced, they have been substantial throughout the year we have been on this run. Thus, we have enabled all types of commuters—businessmen, college students, military personnel, etc.—to fly for little if any more than it would by automobile over the same distance.

This commuter-type service is not unique to PSA and the West Coast. Eastern Airlines is well known, I am sure, to you and your constituents as a fine means of transportation between Washington, D.C. and New York City. I am also sure that such a boarding tax would affect their service in the same degree that it would ours.

For this reason I would like to propose the possibility of a boarding tax for fares over \$20.00 I sincerely believe a more equitable and suitable tax would be one calling for a minimum tax of \$.50 for any fare over \$20.00 or 1% of the total fare, whichever sum is greater. On a typical long-haul Los Angeles to New York run, for example, this would result in a \$1.45 tax (based on 1% of the existing coach fare of \$145.10) or \$1.05 for the Los Angeles to Chicago run (based on 1% of existing coach fares of \$105.45).

I believe this proposal is a sound one. An additional \$1.05 tax or even the maximum tax of \$1.45 will not be that greatly felt by a cross-country air traveler. In turn, the businessman, the student, or the military personnel on leave will not be effected on their commuter-type trips where their base fare is now only \$6, \$11, or \$13. Obviously, a \$1.00 tax on these existing low fares will greatly effect a passenger's decision to take such a flight. This fact was born out in our reduction to \$11.43 from \$13.50 when we inaugurated two-types of equipment service in Spring, 1965. I must admit that even we were surprised with the great increase in our lower fare passenger totals—due to the \$2.07 difference in fare.

There is no doubt in my mind that an across-the-board \$1.00 boarding tax would greatly reverse the trend in increasing passenger totals as a result of more and more Americans taking advantage of lower air fares. While this airline would be effected, it is in truth the potential passenger who will be most seriously hurt by a boarding-tax on commuter-type fares.

This tax would also have a reverse effect on airport revenues as well as rental agencies and other secondary airline businesses. Decreased passenger totals must, in turn, have an adverse effect on the airports themselves and all companies dependent on airline travel.

As a means of further explanation, PSA would not be completely exempt from the tax structure we propose due to the fact that we do have existing fares over this \$20.00 minimum and we are also hopeful of inaugurating interstate service to Seattle and Portland from existing California stops in the near future. Proposed fares on this Northwest route would be substantially over the \$20.00 minimum we propose.

I would like to take this opportunity to express my appreciation for being able to present the views of this airline to you. I am hopeful that you and your constituents will be cognizant of our unique type of air service and resulting fare structures. Please feel free to contact me if I can be of further assistance in this matter or if further information is required.

Sincerely yours,

J. FLOYD ANDREWS, *President.*

STATEMENT OF EARL W. CLARK AND HOYT S. HADDOCK, Co-DIRECTORS, THE
LABOR-MANAGEMENT MARITIME COMMITTEE

Mr. Chairman and members of the Committee, we thank the Committee for the opportunity of presenting this statement on the proposed administration plan for travel taxes.