Public Law 91-258

AN ACT

To provide for the expansion and improvement of the Nation's airport and airway system, for the imposition of airport and airway user charges, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—AIRPORT AND AIRWAY DEVELOPMENT ACT OF 1970

PART I—SHORT TITLE, ETC.

SECTION I. SHORT TITLE.

This title may be cited as the "Airport and Airway Development Act of 1970".

SEC. 2. DECLARATION OF POLICY.

The Congress hereby finds and declares—

That the Nation's airport and airway system is inadequate to meet the current and projected growth in aviation.

That substantial expansion and improvement of the airport and airway system is required to meet the demands of interstate commerce, the postal service, and the national defense.

That the annual obligational authority during the period July 1, 1970, through June 30, 1980, for the acquisition, establishment, and improvement of air navigational facilities under the Federal Aviation Act of 1958 (49 U.S.C. 1301 et seq.), should be no less than $250,000,000.

That the obligational authority during the period July 1, 1970, through June 30, 1980, for airport assistance under this title should be $2,500,000,000.

SEC. 3. NATIONAL TRANSPORTATION POLICY.

(a) Formulation of Policy.—Within one year after the date of enactment of this title, the Secretary of Transportation shall formulate and recommend to the Congress for approval a national transportation policy. In the formulation of such policy, the Secretary shall take into consideration, among other things—

(1) the coordinated development and improvement of all modes of transportation, together with the priority which shall be assigned to the development and improvement of each mode of transportation; and

(2) the coordination of recommendations made under this title relating to airport and airway development with all other recommendations to the Congress for the development and improvement of our national transportation system.

(b) Annual Report.—The Secretary shall submit an annual report to the Congress on the implementation of the national transportation policy formulated under subsection (a) of this section. Such report shall include the specific actions taken by the Secretary with respect to (1) the coordination of the development and improvement of all modes of transportation, (2) the establishment of priorities with respect to the development and improvement of each mode of transportation, and (3) the coordination of recommendations under this title relating to airport and airway development with all other recommendations to the Congress for the development and improvement of our national transportation system.
SEC. 4. COST ALLOCATION STUDY.

The Secretary of Transportation shall conduct a study respecting the appropriate method for allocating the cost of the airport and airway system among the various users, and shall identify the cost to the Federal Government that should appropriately be charged to the system and the value to be assigned to any general public benefit, including military, which may be determined to exist. In conducting the study the Secretary shall consult fully with and give careful consideration to the views of the users of the system. The Secretary shall report the results of the study to Congress within two years from the date of enactment of this title.

PART II—AIRPORT AND AIRWAY DEVELOPMENT

SEC. 11. DEFINITIONS.

As used in this part—

(1) “Airport” means any area of land or water which is used, or intended for use, for the landing and takeoff of aircraft, and any appurtenant areas which are used, or intended for use, for airport buildings or other airport facilities or rights-of-way, together with all airport buildings and facilities located thereon.

(2) “Airport development” means (A) any work involved in constructing, improving, or repairing a public airport or portion thereof, including the removal, lowering, relocation, and marking and lighting of airport hazards, and including navigation aids used by aircraft landing at, or taking off from, a public airport, and including safety equipment required by rule or regulation for certification of the airport under section 612 of the Federal Aviation Act of 1958, and (B) any acquisition of land or of any interest therein, or of any easement through or other interest in airspace, including land for future airport development, which is necessary to permit any such work or to remove or mitigate or prevent or limit the establishment of, airport hazards.

(3) “Airport hazard” means any structure or object of natural growth located on or in the vicinity of a public airport, or any use of land near such airport, which obstructs the airspace required for the flight of aircraft in landing or taking off at such airport or is otherwise hazardous to such landing or taking off of aircraft.

(4) “Airport master planning” means the development for planning purposes of information and guidance to determine the extent, type, and nature of development needed at a specific airport. It may include the preparation of an airport layout plan and feasibility studies, and the conduct of such other studies, surveys, and planning actions as may be necessary to determine the short-, intermediate-, and long-range aeronautical demands required to be met by a particular airport as a part of a system of airports.

(5) “Airport system planning” means the development for planning purposes of information and guidance to determine the extent, type, nature, location, and timing of airport development needed in a specific area to establish a viable and balanced system of public airports. It includes identification of the specific aeronautical role of each airport within the system, development of estimates of system-wide development costs, and the conduct of such studies, surveys, and other planning actions as may be necessary to determine the short-, intermediate-, and long-range aeronautical demands required to be met by a particular system of airports.

(6) “Landing area” means that area used or intended to be used for the landing, takeoff, or surface maneuvering of aircraft.

(7) “Government aircraft” means aircraft owned and operated by the United States.
(8) "Planning agency" means any planning agency designated by the Secretary which is authorized by the laws of the State or States (including the Commonwealth of Puerto Rico, the Virgin Islands, and Guam) or political subdivisions concerned to engage in areawide planning for the areas in which assistance under this part is to be used.

(9) "Project" means a project for the accomplishment of airport development, airport master planning, or airport system planning.

(10) "Project costs" means any costs involved in accomplishing a project.

(11) "Public agency" means a State, the Commonwealth of Puerto Rico, the Virgin Islands, or Guam or any agency of any of them; a municipality or other political subdivision; or a tax-supported organization; or an Indian tribe or pueblo.

(12) "Public airport" means any airport which is used or to be used for public purposes, under the control of a public agency, the landing area of which is publicly owned.

(13) "Secretary" means the Secretary of Transportation.

(14) "Sponsor" means any public agency which, either individually or jointly with one or more other public agencies, submits to the Secretary, in accordance with this part, an application for financial assistance.

(15) "State" means a State of the United States or the District of Columbia.

(16) "Terminal area" means that area used or intended to be used for such facilities as terminal and cargo buildings, gates, hangars, shops, and other service buildings; automobile parking, airport motels, and restaurants, and garages and automobile service facilities used in connection with the airport; and entrance and service roads used by the public within the boundaries of the airport.

(17) "United States share" means that portion of the project costs of projects for airport development approved pursuant to section 16 of this part which is to be paid from funds made available for the purposes of this part.

SEC. 12. NATIONAL AIRPORT SYSTEM PLAN.

(a) FORMULATION OF PLAN.—The Secretary is directed to prepare and publish, within two years after the date of enactment of this part, and thereafter to review and revise as necessary, a national airport system plan for the development of public airports in the United States. The plan shall set forth, for at least a ten-year period, the type and estimated cost of airport development considered by the Secretary to be necessary to provide a system of public airports adequate to anticipate and meet the needs of civil aeronautics, to meet requirements in support of the national defense as determined by the Secretary of Defense, and to meet the special needs of the postal service. The plan shall include all types of airport development eligible for Federal aid under section 14 of this part, and terminal area development considered necessary to provide for the efficient accommodation of persons and goods at public airports, and the conduct of functions in operational support of the airport. Airport development identified by the plan shall not be limited to the requirements of any classes or categories of public airports. In preparing the plan, the Secretary shall consider the needs of all segments of civil aviation.

(b) CONSIDERATION OF OTHER MODES OF TRANSPORTATION.—In formulating and revising the plan, the Secretary shall take into consideration, among other things, the relationship of each airport to the rest of the transportation system in the particular area, to the forecasted technological developments in aeronautics, and to developments forecasted in other modes of intercity transportation.
(c) FEDERAL, STATE, AND OTHER AGENCIES.—In developing the national airport system plan, the Secretary shall to the extent feasible consult with the Civil Aeronautics Board, the Post Office Department, the Department of the Interior regarding conservation and natural resource values, and other Federal agencies, as appropriate; with planning agencies, and airport operators; and with air carriers, aircraft manufacturers, and others in the aviation industry. The Secretary shall provide technical guidance to agencies engaged in the conduct of airport system planning and airport master planning to insure that the national airport system plan reflects the product of interstate, State, and local airport planning.

(d) COOPERATION WITH FEDERAL COMMUNICATIONS COMMISSION.—The Secretary shall, to the extent possible, consult, and give consideration to the views and recommendations of the Federal Communications Commission, and shall make all reasonable efforts to cooperate with that Commission for the purpose of eliminating, preventing, or minimizing airport hazards caused by the construction or operation of any radio or television station. In carrying out this section, the Secretary may make any necessary surveys, studies, examinations, and investigations.

(e) CONSULTATION WITH DEPARTMENT OF DEFENSE.—The Department of Defense shall make military airports and airport facilities available for civil use to the extent feasible. In advising the Secretary of national defense requirements pursuant to subsection (a) of this section, the Secretary of Defense shall indicate the extent to which military airports and airport facilities will be available for civil use.

(f) CONSULTATION CONCERNING ENVIRONMENTAL CHANGES.—In carrying out this section, the Secretary shall consult with and consider the views and recommendations of the Secretary of the Interior, the Secretary of Health, Education, and Welfare, the Secretary of Agriculture, and the National Council on Environmental Quality. The recommendations of the Secretary of the Interior, the Secretary of Health, Education, and Welfare, the Secretary of Agriculture, and the National Council on Environmental Quality, with regard to the preservation of environmental quality, shall, to the extent that the Secretary of Transportation determines to be feasible, be incorporated in the national airport system plan.

(g) COOPERATION WITH THE FEDERAL POWER COMMISSION.—The Secretary shall, to the extent possible, consult, and give consideration to the views and recommendations of the Federal Power Commission, and shall make all reasonable efforts to cooperate with that Commission for the purpose of eliminating, preventing, or minimizing airport hazards caused by the construction or operation of power facilities. In carrying out this section, the Secretary may make any necessary surveys, studies, examinations, and investigations.

(h) AVIATION ADVISORY COMMISSION.—

1. There is established an Aviation Advisory Commission (hereafter in this subsection referred to as the “Commission”). The Commission shall be composed of nine members appointed by the President from private life as follows:

(A) One person to serve as Chairman of the Commission who is specially qualified to serve as Chairman by virtue of his education, training, or experience.

(B) Eight persons who are specially qualified to serve on such Commission from among representatives of the commercial air carriers, general aviation, aircraft manufacturers, airport sponsors, State aeronautics agencies, and three major organizations concerned with conservation or regional planning.

Not more than five members of the Commission shall be from the same political party. Any vacancy in the Commission shall not affect its
powers but shall be filled in the same manner in which the original appointment was made, and subject to the same limitations with respect to party affiliations. Five members shall constitute a quorum.

(2) It shall be the duty of the Commission—

(A) to formulate recommendations concerning the long-range needs of aviation, including but not limited to, future airport requirements and the national airport system plan described in subsection (a) of this section, and recommendations concerning surrounding land uses, ground access, airways, air service, and aircraft compatible with such plan;

(B) to facilitate consideration of other modes of transportation and cooperation with other agencies and community and industry groups as provided in subsections (b) through (g) of this section.

In carrying out its duties under this subsection, the Commission shall establish such task forces as are necessary to include technical representation from the organizations referred to in this subsection, from Federal agencies, and from such other organizations and agencies as the Commission considers appropriate.

(3) Each member of the Commission shall, while serving on the business of the Commission, be entitled to receive compensation at a rate fixed by the President, but not exceeding $100 per day, including travel time; and, while so serving away from his home or regular place of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5 of the United States Code for persons in the Government service employed intermittently.

(4) (A) The Commission is authorized, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, to appoint and fix the compensation of such personnel as may be necessary to carry out the functions of the Commission, but no individual so appointed shall receive compensation in excess of the rate authorized for GS-18 by section 5332 of such title.

(B) The Commission is authorized to obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, but at rates for individuals not to exceed $100 per diem.

(C) Administrative services shall be provided the Commission by the General Services Administration on a reimbursable basis.

(D) The Commission is authorized to request from any department, agency, or independent instrumentality of the Government any information and assistance it deems necessary to carry out its functions under this subsection; and each such department, agency, and instrumentality is authorized to cooperate with the Commission and, to the extent permitted by law, to furnish such information and assistance to the Commission upon request made by the Chairman.

(5) The Commission shall submit to the President and to the Congress, or or before January 1, 1972, a final report containing the recommendations formulated by it under this subsection. The Commission shall cease to exist 60 days after the date of the submission of its final report.

(6) There are authorized to be appropriated from the Airport and Airway Trust Fund such sums, not to exceed $2,000,000, as may be necessary to carry out the provisions of this subsection.
SEC. 13. PLANNING GRANTS.

(a) Authorization To Make Grants.—In order to promote the effective location and development of airports and the development of an adequate national airport system plan, the Secretary may make grants of funds to planning agencies for airport system planning, and to public agencies for airport master planning.

(b) Amount and Apportionment of Grants.—The award of grants under subsection (a) of this section is subject to the following limitations:

(1) The total funds obligated for grants under this section may not exceed $75,000,000 and the amount obligated in any one fiscal year may not exceed $15,000,000.

(2) No grant under this section may exceed two-thirds of the cost incurred in the accomplishment of the project.

(3) No more than 7.5 per centum of the funds made available under this section in any fiscal year may be allocated for projects within a single State, the Commonwealth of Puerto Rico, the Virgin Islands, or Guam. Grants for projects encompassing an area located in two or more States shall be charged to each State in the proportion which the number of square miles the project encompasses in each State bears to the square miles encompassed by the entire project.

(c) Regulations; Coordination With Secretary of Housing and Urban Development.—The Secretary may prescribe such regulations as he deems necessary governing the award and administration of grants authorized by this section. The Secretary and the Secretary of Housing and Urban Development shall develop jointly procedures designed to preclude duplication of their respective planning assistance activities and to ensure that such activities are effectively coordinated.

SEC. 14. AIRPORT AND AIRWAY DEVELOPMENT PROGRAM.

(a) General Authority.—In order to bring about, in conformity with the national airport system plan, the establishment of a nationwide system of public airports adequate to meet the present and future needs of civil aeronautics, the Secretary is authorized to make grants for airport development by grant agreements with sponsors in aggregate amounts not less than the following:

(1) For the purpose of developing in the several States, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands, airports served by air carriers certificated by the Civil Aeronautics Board, and airports the primary purpose of which is to serve general aviation and to relieve congestion at airports having a high density of traffic serving other segments of aviation, $250,000,000 for each of the fiscal years 1971 through 1975.

(2) For the purpose of developing in the several States, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands, airports serving segments of aviation other than air carriers certificated by the Civil Aeronautics Board, $30,000,000 for each of the fiscal years 1971 through 1975.

(b) Obligational Authority.—To facilitate orderly long-term planning by sponsors, the Secretary is authorized, effective on the date of enactment of this title, to incur obligations to make grants for airport development from funds made available under this part for the fiscal year ending June 30, 1971, and the succeeding four fiscal years in a total amount not to exceed $840,000,000. No obligation shall be incurred under this subsection for a period of more than three fiscal years and no such obligation shall extend beyond June 30, 1975. The Secretary shall not incur more than one obligation under this subsection with respect to any single project for airport development. Obligations incurred under this subsection shall not be liquidated in an
aggregate amount exceeding $250,000,000 prior to June 30, 1971, an aggregate amount exceeding $560,000,000 prior to June 30, 1972, and an aggregate amount exceeding $840,000,000 prior to June 30, 1973.

(c) Airway Facilities.—For the purpose of acquiring, establishing, and improving air navigation facilities under section 307(b) of the Federal Aviation Act of 1958, the Secretary is authorized, within the limits established in appropriations Acts, to obligate for expenditure not less than $250,000,000 for each of the fiscal years 1971 through 1975.

(d) Other Expenses.—The balance of the moneys available in the trust fund shall be allocated for the necessary administrative expenses incident to the administration of programs for which funds are to be allocated as set forth in subsections (a) and (b) of this section, and for the maintenance and operation of air navigation facilities and the conduct of other functions under section 307(b) of the Federal Aviation Act of 1958, not otherwise provided for in subsection (c) of this section, and for research and development activities under section 312(c) (as it relates to safety in air navigation) of the Federal Aviation Act of 1958. The initial $50,000,000 of any sums appropriated to the trust fund pursuant to subsection (d) of section 208 of the Airport and Airway Revenue Act of 1970 shall be allocated to such research and development activities.

SEC. 15. DISTRIBUTION OF FUNDS; STATE APPORTIONMENT.

(a) Apportionment of Funds.—

(1) As soon as possible after July 1 of each fiscal year for which any amount is authorized to be obligated for the purposes of paragraph (1) of section 14(a) of this part, the amount made available for that year shall be apportioned by the Secretary as follows:

(A) One-third to be distributed as follows:

(i) 97 per centum of such one-third for the several States, one-half in the proportion which the population of each State bears to the total population of all the States, and one-half in the proportion which the area of each State bears to the total area of all the States.

(ii) 3 per centum of such one-third for Hawaii, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands, to be distributed in shares of 35 per centum, 35 per centum, 15 per centum, and 15 per centum, respectively.

(B) One-third to be distributed to sponsors of airports served by air carriers certificated by the Civil Aeronautics Board in the same ratio as the number of passengers enplaned at each airport of the sponsor bears to the total number of passengers enplaned at all such airports.

(C) One-third to be distributed at the discretion of the Secretary.

(2) As soon as possible after July 1 of each fiscal year for which any amount is authorized to be obligated for the purposes of paragraph (2) of section 14(a) of this part, the amount made available for that year shall be apportioned by the Secretary as follows:

(A) Seventy-three and one-half per centum for the several States, one-half in the proportion which the population of each State bears to the total population of all the States, and one-half in the proportion which the area of each State bears to the total area of all the States.

(B) One and one-half per centum for Hawaii, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands, to be distributed in shares of 35 per centum, 35 per centum, 15 per centum, and 15 per centum, respectively.

(C) Twenty-five per centum to be distributed at the discretion of the Secretary.
(3) Each amount apportioned to a State under paragraph (1) (A) (i) or (2) (A) of this subsection shall, during the fiscal year for which it was first authorized to be obligated and the fiscal year immediately following, be available only for approved airport development projects located in that State, or sponsored by that State or some public agency thereof but located in an adjoining State. Each amount apportioned to a sponsor of an airport under paragraph (1) (B) of this subsection shall, during the fiscal year for which it was first authorized to be obligated and the two fiscal years immediately following, be available only for approved airport development projects located at airports sponsored by it. Any amount apportioned as described in this paragraph which has not been obligated by grant agreement at the expiration of the period of time for which it was so apportioned shall be added to the discretionary fund established by subsection (b) of this section.

(4) For the purposes of this section, the term “passengers enplaned” shall include United States domestic, territorial, and international revenue passenger enplanements in scheduled and nonscheduled service of air carriers and foreign air carriers in intrastate and interstate commerce as shall be determined by the Secretary pursuant to such regulations as he shall prescribe.

(b) DISCRETIONARY FUND.—(1) The amounts authorized by subsection (a) of this section to be distributed at the discretion of the Secretary shall constitute a discretionary fund.

(2) The discretionary fund shall be available for such approved projects for airport development in the several States, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam as the Secretary considers most appropriate for carrying out the national airport system plan regardless of the location of the projects. In determining the projects for which the fund is to be used, the Secretary shall consider the existing airport facilities in the several States, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam, and the need for or lack of development of airport facilities in the several States, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam. Amounts placed in the discretionary fund pursuant to subsection (a) of this section, including amounts added to the discretionary fund pursuant to paragraph (3) of such subsection (a), may be used only in accordance with the purposes for which originally appropriated.

(c) NOTICE OF APPORTIONMENT; DEFINITION OF TERMS.—Upon making an apportionment as provided in subsection (a) of this section, the Secretary shall inform the executive head of each State, and any public agency which has requested such information, as to the amounts apportioned to each State. As used in this section, the term “population” means the population according to the latest decennial census of the United States and the term “area” includes both land and water.

SEC. 16. SUBMISSION AND APPROVAL OF PROJECTS FOR AIRPORT DEVELOPMENT.

(a) Submission.—Subject to the provisions of subsection (b) of this section, any public agency, or two or more public agencies acting jointly, may submit to the Secretary a project application, in a form and containing such information, as the Secretary may prescribe, setting forth the airport development proposed to be undertaken. No project application shall propose airport development other than that included in the then current revision of the national airport system plan formulated by the Secretary under this part, and all proposed development shall be in accordance with standards established by the Secretary, including standards for site location, airport layout, grading, drainage, seeding, paving, lighting, and safety of approaches.

(b) PUBLIC AGENCIES WHOSE POWERS ARE LIMITED BY STATE LAW.—Nothing in this part shall authorize the submission of a project
application by any municipality or other public agency which is subject to the law of any State if the submission of the project application by the municipality or other public agency is prohibited by the law of that State.

(c) APPROVAL.—

(1) All airport development projects shall be subject to the approval of the Secretary, which approval may be given only if he is satisfied that—

(A) the project is reasonably consistent with plans (existing at the time of approval of the project) of planning agencies for the development of the area in which the airport is located and will contribute to the accomplishment of the purposes of this part;

(B) sufficient funds are available for that portion of the project costs which are not to be paid by the United States under this part;

(C) the project will be completed without undue delay;

(D) the public agency or public agencies which submitted the project application have legal authority to engage in the airport development as proposed; and

(E) all project sponsorship requirements prescribed by or under the authority of this part have been or will be met.

No airport development project may be approved by the Secretary with respect to any airport unless a public agency holds good title, satisfactory to the Secretary, to the landing area of the airport or the site therefor, or gives assurance satisfactory to the Secretary that good title will be acquired.

(2) No airport development project may be approved by the Secretary which does not include provision for installation of the landing aids specified in subsection (d) of section 17 of this part and determined by him to be required for the safe and efficient use of the airport by aircraft taking into account the category of the airport and the type and volume of traffic utilizing the airport.

(3) No airport development project may be approved by the Secretary unless he is satisfied that fair consideration has been given to the interest of communities in or near which the project may be located.

(4) It is declared to be national policy that airport development projects authorized pursuant to this part shall provide for the protection and enhancement of the natural resources and the quality of environment of the Nation. In implementing this policy, the Secretary shall consult with the Secretaries of the Interior and Health, Education, and Welfare with regard to the effect that any project involving airport location, a major runway extension, or runway location may have on natural resources including, but not limited to, fish and wildlife, natural, scenic, and recreation assets, water and air quality, and other factors affecting the environment, and shall authorize no such project found to have adverse effect unless the Secretary shall render a finding, in writing, following a full and complete review, which shall be a matter of public record, that no feasible and prudent alternative exists and that all possible steps have been taken to minimize such adverse effect.

(d) HEARINGS.—

(1) No airport development project involving the location of an airport, an airport runway, or a runway extension may be approved by the Secretary unless the public agency sponsoring the project certifies to the Secretary that there has been afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport location and its consistency with the goals and objectives of such urban planning as has been carried out by the community.
(2) When hearings are held under paragraph (1) of this subsection, the project sponsor shall, when requested by the Secretary, submit a copy of the transcript to the Secretary.

e) **AIR AND WATER QUALITY.**

(1) The Secretary shall not approve any project application for a project involving airport location, a major runway extension, or runway location unless the Governor of the State in which such project may be located certifies in writing to the Secretary that there is reasonable assurance that the project will be located, designed, constructed, and operated so as to comply with applicable air and water quality standards. In any case where such standards have not been approved or where such standards have been promulgated by the Secretary of the Interior or the Secretary of Health, Education, and Welfare, certification shall be obtained from the appropriate Secretary. Notice of certification or of refusal to certify shall be provided within sixty days after the project application is received by the Secretary.

(2) The Secretary shall condition approval of any such project application on compliance during construction and operation with applicable air and water quality standards.

(f) **AIRPORT SITE SELECTION.**

(1) Whenever the Secretary determines (A) that a metropolitan area comprised of more than one unit of State or local government is in need of an additional airport to adequately meet the air transportation needs of such area, and (B) that an additional airport for such area is consistent with the national airport system plan prepared by the Secretary, he shall notify, in writing, the governing authorities of the area concerned of the need for such additional airport and request such authorities to confer, agree upon a site for the location of such additional airport, and notify the Secretary of their selection. In order to facilitate the selection of a site for an additional airport under the preceding sentence, the Secretary shall exercise such of his authority under this part as he may deem appropriate to carry out the provisions of this paragraph. For the purposes of this subsection, the term “metropolitan area” means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate for the purposes of this subsection.

(2) In the case of a proposed new airport serving any area, which does not include a metropolitan area, the Secretary shall not approve any airport development project with respect to any proposed airport site not approved by the community or communities in which the airport is proposed to be located.

SEC. 17. **UNITED STATES SHARE OF PROJECT COSTS.**

(a) **GENERAL PROVISION.**—Except as provided in subsections (b), (c), and (d) of this section, the United States share payable on account of any approved airport development project submitted under section 16 of this part may not exceed 50 per centum of the allowable project costs.

(b) **PROJECTS IN PUBLIC LAND STATES.**—In the case of any State containing unappropriated and unreserved public lands and non-taxable Indian lands (individual and tribal) exceeding 5 per centum of the total area of all lands therein, the United States share under subsection (a) shall be increased by whichever is the smaller of the following percentages thereof: (1) 25 per centum, or (2) a percentage equal to one-half of the percentage that the area of all such lands in that State is of its total area.

(c) **PROJECTS IN THE VIRGIN ISLANDS.**—The United States share payable on account of any approved project for airport development in the Virgin Islands shall be any portion of the allowable project...
costs of the project, not to exceed 75 per centum, as the Secretary
considers appropriate for carrying out the provisions of this part.

(d) LANDING AIDS.—To the extent that the project costs of an
approved project for airport development represent the cost of (1)
land required for the installation of approach light systems, (2)
touchdown zone and centerline runway lighting, or (3) high intensity
runway lighting, the United States share shall be not to exceed
82 per centum of the allowable costs thereof.

SEC. 18. PROJECT SPONSORSHIP.

As a condition precedent to his approval of an airport development
project under this part, the Secretary shall receive assurances in
writing, satisfactory to him, that—

(1) the airport to which the project for airport development
relates will be available for public use on fair and reasonable
terms and without unjust discrimination;

(2) the airport and all facilities thereon or connected therewith
will be suitably operated and maintained, with due regard to
climatic and flood conditions;

(3) the aerial approaches to the airport will be adequately
cleared and protected by removing, lowering, relocating, marking,
or lighting or otherwise mitigating existing airport hazards and
by preventing the establishment or creation of future airport
hazards;

(4) appropriate action, including the adoption of zoning laws,
have been or will be taken, to the extent reasonable, to restrict the
use of land adjacent to or in the immediate vicinity of the airport
to activities and purposes compatible with normal airport opera­
tions, including landing and takeoff of aircraft;

(5) all of the facilities of the airport developed with Federal
financial assistance and all those usable for landing and takeoff
of aircraft will be available to the United States for use by Gov­
ernment aircraft in common with other aircraft at all times with­
out charge, except, if the use by Government aircraft is substan­
tial, a charge may be made for a reasonable share, proportional
to such use, of the cost of operating and maintaining the facilities
used;

(6) the airport operator or owner will furnish without cost to
the Federal Government for use in connection with any air traffic
control activities, or weather-reporting and communication activi­
ties related to air traffic control, any areas of land or water, or
estate therein, or rights in buildings of the sponsor as the Secre­
tary considers necessary or desirable for construction at Federal
expense of space or facilities for such purposes;

(7) all project accounts and records will be kept in accordance
with a standard system of accounting prescribed by the Secretary
after consultation with appropriate public agencies;

(8) the airport operator or owner will maintain a fee and rental
structure for the facilities and services being provided the airport
users which will make the airport as self-sustaining as possible
under the circumstances existing at that particular airport, taking
into account such factors as the volume of traffic and economy of
collection;

(9) the airport operator or owner will submit to the Secretary
such annual or special airport financial and operations reports as
the Secretary may reasonably request; and

(10) the airport and all airport records will be available for
inspection by any duly authorized agent of the Secretary upon
reasonable request.
To insure compliance with this section, the Secretary shall prescribe such project sponsorship requirements, consistent with the terms of this part, as he considers necessary. Among other steps to insure such compliance the Secretary is authorized to enter into contracts with public agencies, on behalf of the United States. Whenever the Secretary obtains from a sponsor any area of land or water, or estate therein, or rights in buildings of the sponsor and constructs space or facilities thereon at Federal expense, he is authorized to relieve the sponsor from any contractual obligation entered into under this part or the Federal Airport Act to provide free space in airport buildings to the Federal Government to the extent he finds that space no longer required for the purposes set forth in paragraph (6) of this section.

SEC. 19. GRANT AGREEMENTS.

Upon approving a project application for airport development, the Secretary, on behalf of the United States, shall transmit to the sponsor or sponsors of the project application an offer to make a grant for the United States share of allowable project costs. An offer shall be made upon such terms and conditions as the Secretary considers necessary to meet the requirements of this part and the regulations prescribed thereunder. Each offer shall state a definite amount as the maximum obligation of the United States payable from funds authorized by this part, and shall stipulate the obligations to be assumed by the sponsor or sponsors. If and when an offer is accepted in writing by the sponsor, the offer and acceptance shall comprise an agreement constituting an obligation of the United States and of the sponsor. Thereafter, the amount stated in the accepted offer as the maximum obligation of the United States may not be increased by more than 10 per centum. Unless and until an agreement has been executed, the United States may not pay, nor be obligated to pay, any portion of the costs which have been or may be incurred.

SEC. 20. PROJECT COSTS.

(a) ALLOWABLE PROJECT COSTS.—Except as provided in section 21 of this part, the United States may not pay, or be obligated to pay, from amounts appropriated to carry out the provisions of this part, any portion of a project cost incurred in carrying out a project for airport development unless the Secretary has first determined that the cost is allowable. A project cost is allowable if—

(1) it was a necessary cost incurred in accomplishing airport development in conformity with approved plans and specifications for an approved airport development project and with the terms and conditions of the grant agreement entered into in connection with the project;

(2) it was incurred subsequent to the execution of the grant agreement with respect to the project, and in connection with airport development accomplished under the project after the execution of the agreement. However, the allowable costs of a project may include any necessary costs of formulating the project (including the costs of field surveys and the preparation of plans and specifications, the acquisition of land or interests therein or easements through or other interests in airspace, and any necessary administrative or other incidental costs incurred by the sponsor specifically in connection with the accomplishment of the project for airport development, which would not have been incurred otherwise) which were incurred subsequent to May 13, 1946;

(3) in the opinion of the Secretary it is reasonable in amount, and if the Secretary determines that a project cost is unreasonable in amount, he may allow as an allowable project cost only so much of such project cost as he determines to be reasonable; except that
in no event may he allow project costs in excess of the definite amount stated in the grant agreement; and

(4) it has not been included in any project authorized under section 18 of this part.

The Secretary is authorized to prescribe such regulations, including regulations with respect to the auditing of project costs, as he considers necessary to effectuate the purposes of this section.

(b) Costs Not Allowed.—The following are not allowable project costs: (1) the cost of construction of that part of an airport development project intended for use as a public parking facility for passenger automobiles; or (2) the cost of construction, alteration, or repair of a hangar or of any part of an airport building except such of those buildings or parts of buildings intended to house facilities or activities directly related to the safety of persons at the airport.

SEC. 21. PAYMENTS UNDER GRANT AGREEMENTS.

The Secretary, after consultation with the sponsor with which a grant agreement has been entered into, may determine the times and amounts in which payments shall be made under the terms of a grant agreement for airport development. Payments in an aggregate amount not to exceed 90 per centum of the United States share of the total estimated allowable project costs may be made from time to time in advance of accomplishment of the airport development to which the payments relate, if the sponsor certifies to the Secretary that the aggregate expenditures to be made from the advance payments will not at any time exceed the cost of the airport development work which has been performed up to that time. If the Secretary determines that the aggregate amount of payments made under a grant agreement at any time exceeds the United States share of the total allowable project costs, the United States shall be entitled to recover the excess. If the Secretary finds that the airport development to which the advance payments relate has not been accomplished within a reasonable time or the development is not completed, the United States may recover any part of the advance payment for which the United States received no benefit. Payments under a grant agreement shall be made to the official or depository authorized by law to receive public funds and designated by the sponsor.

SEC. 22. PERFORMANCE OF CONSTRUCTION WORK.

(a) Regulations.—The construction work on any project for airport development approved by the Secretary pursuant to section 16 of this part shall be subject to inspection and approval by the Secretary and in accordance with regulations prescribed by him. Such regulations shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary. No such regulation shall have the effect of altering any contract in connection with any project entered into without actual notice of the regulation.

(b) Minimum Rates of Wages.—All contracts in excess of $2,000 for work on projects for airport development approved under this part which involve labor shall contain provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

(c) Other Provisions as to Labor.—All contracts for work on projects for airport development approved under this part which involve labor shall contain such provisions as are necessary to insure (1) that no convict labor shall be employed; and (2) that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given, where they are qualified,
to individuals who have served as persons in the military service of the
United States, as defined in section 101(1) of the Soldiers' and Sailors' 
Civil Relief Act of 1940, as amended (50 App. U.S.C. 511(1)), and
who have been honorably discharged from such service. However, this
preference shall apply only where the individuals are available and
qualified to perform the work to which the employment relates.

SEC. 23. USE OF GOVERNMENT-OWNED LANDS.

(a) Requests for Use.—Subject to the provisions of subsection (c)
of this section, whenever the Secretary determines that use of any
lands owned or controlled by the United States is reasonably necessary
for carrying out a project for airport development under this part,
or for the operation of any public airport, including lands reasonably
necessary to meet future development of an airport in accordance with
the national airport system plan, he shall file with the head of the
department or agency having control of the lands a request that the
necessary property interests therein be conveyed to the public agency
sponsoring the project in question or owning or controlling the airport.
The property interest may consist of the title to, or any other interest
in, land or any easement through or other interest in airspace.

(b) Making or Conveyances.—Upon receipt of a request from the
Secretary under this section, the head of the department or agency hav­
ing control of the lands in question shall determine whether the re­
quested conveyance is inconsistent with the needs of the department
or agency, and shall notify the Secretary of his determination within
a period of four months after receipt of the Secretary's request. If
the department or agency head determines that the requested convey­
ance is not inconsistent with the needs of that department or agency,
the department or agency head is hereby authorized and directed, with
the approval of the President and the Attorney General of the United
States, and without any expense to the United States, to perform any
acts and to execute any instruments necessary to make the conveyance
requested. A conveyance may be made only on the condition that, at the
option of the Secretary, the property interest conveyed shall revert to
the United States in the event that the lands in question are not devel­
oped for airport purposes or used in a manner consistent with the terms
of the conveyance. If only a part of the property interest conveyed is
not developed for airport purposes, or used in a manner consistent with
the terms of the conveyance, only that particular part shall at the option
of the Secretary, revert to the United States.

(c) Exemption of Certain Lands.—Unless otherwise specifically
provided by law, the provisions of subsections (a) and (b) of this sec­
tion shall not apply with respect to lands owned or controlled by the
United States within any national park, national monument, national
recreation area, or similar area under the administration of the
National Park Service; within any unit of the National Wildlife
Refuge System or similar area under the jurisdiction of the Bureau
of Sport Fisheries and Wildlife; or within any national forest or
Indian reservation.

SEC. 24. REPORTS TO CONGRESS.

On or before the third day of January of each year the Secretary
shall make a report to the Congress describing his operations under
this part during the preceding fiscal year. The report shall include a
detailed statement of the airport development accomplished, the status
of each project undertaken, the allocation of appropriations, and an
itemized statement of expenditures and receipts.
SEC. 25. FALSE STATEMENTS.
Any officer, agent, or employee of the United States, or any officer, agent, or employee of any public agency, or any person, association, firm, or corporation who, with intent to defraud the United States—

(1) knowingly makes any false statement, false representation, or false report as to the character, quality, quantity, or cost of the material used or to be used, or the quantity or quality of the work performed or to be performed, or the costs thereof, in connection with the submission of plans, maps, specifications, contracts, or estimates of project costs for any project submitted to the Secretary for approval under this part;

(2) knowingly makes any false statement, false representation, or false report or claim for work or materials for any project approved by the Secretary under this part; or

(3) knowingly makes any false statement or false representation in any report required to be made under this part;

shall, upon conviction thereof, be punished by imprisonment for not to exceed five years or by a fine of not to exceed $10,000, or by both.

SEC. 26. ACCESS TO RECORDS.

(a) RECORDKEEPING REQUIREMENTS.—Each recipient of a grant under this part shall keep such records as the Secretary may prescribe, including records which fully disclose the amount and the disposition by the recipient of the proceeds of the grant, the total cost of the plan or program in connection with which the grant is given or used, and the amount and nature of that portion of the cost of the plan or program supplied by other sources, and such other records as will facilitate an effective audit.

(b) AUDIT AND EXAMINATION.—The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to grants received under this part.

(c) AUDIT REPORTS.—In any case in which an independent audit is made of the accounts of a recipient of a grant under this part relating to the disposition of the proceeds of such grant or relating to the plan or program in connection with which the grant was given or used, the recipient shall file a certified copy of such audit with the Comptroller General of the United States not later than six months following the close of the fiscal year for which the audit was made. On or before January 3 of each year the Comptroller General shall make a report to the Congress describing the results of each audit conducted or reviewed by him under this section during the preceding fiscal year. The Comptroller General shall prescribe such regulations as he may deem necessary to carry out the provisions of this subsection.

(d) WITHHOLDING INFORMATION.—Nothing in this section shall authorize the withholding of information by the Secretary or the Comptroller General of the United States, or any officer or employee under the control of either of them, from the duly authorized committees of the Congress.

SEC. 27. GENERAL POWERS.
The Secretary is empowered to perform such acts, to conduct such investigations and public hearings, to issue and amend such orders, and to make and amend such regulations and procedures, pursuant to and consistent with the provisions of this part, as he considers necessary to carry out the provisions of, and to exercise and perform his powers and duties under, this part.
PART III—MISCELLANEOUS

SEC. 51. AMENDMENTS TO FEDERAL AVIATION ACT OF 1958.

(a) (1) PROCUREMENT PROCEDURES.—Section 303 of the Federal Aviation Act of 1958 (49 U.S.C. 1344) is amended by adding at the end thereof the following new subsection:

"NEGOTIATION OF PURCHASES AND CONTRACTS

"(e) The Secretary of Transportation may negotiate without advertising purchases of and contracts for technical or special property related to, or in support of, air navigation that he determines to require a substantial initial investment or an extended period of preparation for manufacture, and for which he determines that formal advertising would be likely to result in additional cost to the Government by reason of duplication of investment or would result in duplication of necessary preparation which would unduly delay the procurement of the property. The Secretary shall, at the beginning of each fiscal year, report to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Commerce of the Senate all transactions negotiated under this subsection during the preceding fiscal year."

(2) TABLE OF CONTENTS.—That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the side heading "Sec. 303. Administration of the Agency." is amended by adding at the end thereof the following:

"(e) Negotiation of purchases and contracts."

(b) (1) AIRPORT CERTIFICATION.—Title VI of the Federal Aviation Act of 1958 (49 U.S.C. 1421-1431), relating to safety regulation of civil aeronautics, is amended by adding at the end thereof the following new section:

"Airport Operating Certificates

"Power to Issue

"Sec. 612. (a) The Administrator is empowered to issue airport operating certificates to airports serving air carriers certificated by the Civil Aeronautics Board and to establish minimum safety standards for the operation of such airports.

"Issuance

"(b) Any person desiring to operate an airport serving air carriers certificated by the Civil Aeronautics Board may file with the Administrator an application for an airport operating certificate. If the Administrator finds, after investigation, that such person is properly and adequately equipped and able to conduct a safe operation in accordance with the requirements of this Act and the rules, regulations, and standards prescribed thereunder, he shall issue an airport operating certificate to such person. Each airport operating certificate shall prescribe such terms, conditions, and limitations as are reasonably necessary to assure safety in air transportation, including but not limited to, terms, conditions, and limitations relating to—

"(1) the installation, operation, and maintenance of adequate air navigation facilities; and

"(2) the operation and maintenance of adequate safety equipment, including firefighting and rescue equipment capable of rapid access to any portion of the airport used for the landing, takeoff, or surface maneuvering of aircraft."
(2) **Table of Contents.**—That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the center heading "TITLE VI—SAFETY REGULATION OF CIVIL AERONAUTICS" is amended by adding at the end thereof the following:

"Sec. 612. Airport operating certificates.
   "(a) Power to issue.
   "(b) Issuance."

(3) **Prohibitions.**—Section 610(a) of such Act (49 U.S.C. 1430(a)), relating to prohibitions, is amended—
   (A) by striking out "and" at the end of paragraph (6);
   (B) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and"; and
   (C) by adding at the end thereof the following new paragraph:
      "(8) For any person to operate an airport serving air carriers certificated by the Civil Aeronautics Board without an airport operating certificate, or in violation of the terms of any such certificate."

(4) **Effective Date.**—The amendments made by paragraph (3) of this subsection shall take effect upon the expiration of the two-year period beginning on the date of their enactment.

SEC. 52. **Repeal; Conforming Amendments; Saving Provisions; and Separability.**

(a) **Repeal.**—The Federal Airport Act (49 U.S.C. 1101 et seq.) is repealed as of the close of June 30, 1970.

(b) **Conforming Amendments.**—
   (1) The first section of the Act of March 18, 1950, relating to Department of the Interior Airports (16 U.S.C. 7a), is amended by striking out "Administrator of the Federal Aviation Agency" each place it appears and inserting in lieu thereof at each such place "Secretary of Transportation."
   (2) Section 509(c) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3188a) is amended by inserting "Airport and Airway Development Act of 1970;" immediately after "Federal Airport Act;".
   (3) Section 208(2) of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3338(2)) is amended by inserting "section 19 of the Airport and Airway Development Act of 1970;" immediately after "section 12 of the Federal Airport Act;".
   (4) The Federal Aviation Act of 1958 (49 U.S.C. 1301 et seq.) is amended—
      (A) by striking out "or by the Federal Airport Act" in section 313(c) and inserting in lieu thereof "; the Federal Airport Act, or the Airport and Airway Development Act of 1970;"; and
      (B) by striking out "Federal Airport Act" in section 1109(e) and inserting in lieu thereof "Airport and Airway Development Act of 1970;"
   (5) Section 214(c) of the Appalachian Regional Development Act of 1965 (40 App. U.S.C. 214(c)) is amended by inserting "Airport and Airway Development Act of 1970;" immediately after "Federal Airport Act;".
   (6) Section 13(g)(1) of the Surplus Property Act of 1944 (50 App. U.S.C. 1622(g)(1)) is amended by striking out "Federal Airport Act (60 Stat. 170)" and inserting in lieu thereof "Airport and Airway Development Act of 1970;".
   (7) Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267) is amended by striking out "and (h)" and inserting in lieu thereof "(h) the Airport and Airway Development Act of 1970; and (i)".
(c) **Saving Provisions.**—All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, grants, rights, and privileges which have been issued, made, granted, or allowed to become effective by the President, the Secretary of Transportation, or any court of competent jurisdiction under any provision of the Federal Airport Act, as amended, which are in effect at the time this section takes effect, are continued in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Secretary of Transportation or by any court of competent jurisdiction, or by operation of law.

(d) **Separability.**—If any provision of this title or the application thereof to any person or circumstances is held invalid, the remainder of the title and the application of the provision to other persons or circumstances is not affected thereby.

**SEC. 53. MAXIMUM CHARGES FOR CERTAIN OVERTIME SERVICES.**

(a) Notwithstanding the provisions of section 451 of the Tariff Act of 1930 (19 U.S.C. 1451) or any other provisions of law, the maximum amount payable by the owner, operator, or agent of any private aircraft or private vessel for services performed on or after July 1, 1970, upon the request of such owner, operator, or agent, by officers and employees of the Immigration and Naturalization Service, by officers and employees of the Customs Service, by officers and employees of the Public Health Service, and by officers and employees of the Department of Agriculture, on a Sunday or holiday, or at any time after 5 o'clock postmeridian or before 8 o'clock antemeridian on a week day, in connection with the arrival in or departure from the United States of such private aircraft or vessel, shall not exceed §25.

(b) Notwithstanding any other provision of law, no payment shall be required for services described in subsection (a) if such services are performed on a week day and an officer or employee stationed on his regular tour of duty at the place of arrival or departure is available to perform such services.

(c) Amounts payable for services described in subsection (a) shall be collected by the Department or agency providing the services and shall be deposited into the Treasury of the United States to the credit of the appropriation of that agency charged with the expense of such services.

(d) As used in this section—

(1) the term "private aircraft" means any civilian aircraft not being used to transport persons or property for compensation or hire, and

(2) the term "private vessel" means any civilian vessel not being used (A) to transport persons or property for compensation or hire, or (B) in fishing operations or in processing of fish or fish products.

**TITLE II—AIRPORT AND AIRWAY REVENUE ACT OF 1970**

**SEC. 201. SHORT TITLE, ETC.**

(a) **Short Title.**—This title may be cited as the "Airport and Airway Revenue Act of 1970".

(b) **Amendment of 1954 Code.**—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.
SEC. 202. TAX ON AVIATION FUEL.

(a) Imposition of Tax.—Section 4041 (relating to tax on special fuels) is amended by striking out subsections (c), (d), and (e) and inserting after subsection (b) the following new subsections:

"(c) Noncommercial Aviation.—

"(1) In general.—There is hereby imposed a tax of 7 cents a gallon upon any liquid (other than any product taxable under section 4081)—

"(A) sold by any person to an owner, lessee, or other operator of an aircraft, for use as a fuel in such aircraft in noncommercial aviation; or

"(B) used by any person as a fuel in an aircraft in noncommercial aviation, unless there was a taxable sale of such liquid under this section.

"(2) Gasoline.—There is hereby imposed a tax (at the rate specified in paragraph (3)) upon any product taxable under section 4081—

"(A) sold by any person to an owner, lessee, or other operator of an aircraft, for use as a fuel in such aircraft in noncommercial aviation; or

"(B) used by any person as a fuel in an aircraft in noncommercial aviation, unless there was a taxable sale of such product under subparagraph (A).

The tax imposed by this paragraph shall be in addition to any tax imposed under section 4081.

"(3) Rate of Tax.—The rate of tax imposed by paragraph (2) is as follows:

"3 cents a gallon for the period ending September 30, 1972; and

"5 cents a gallon for the period after September 30, 1972.

"(4) Definition of Noncommercial Aviation.—For purposes of this chapter, the term 'noncommercial aviation' means any use of an aircraft, other than in a business of transporting persons or property for compensation or hire by air. The term also includes any use of an aircraft, in a business described in the preceding sentence, which is properly allocable to any transportation exempt from the taxes imposed by sections 4261 and 4271 by reason of section 4281 or 4282.

"(5) Termination.—On and after July 1, 1980, the taxes imposed by paragraphs (1) and (2) shall not apply.

"(d) Additional Tax.—If a liquid on which tax was imposed on the sale thereof is taxable at a higher rate under subsection (c) (1) of this section on the use thereof, there is hereby imposed a tax equal to the difference between the tax so imposed and the tax payable at such higher rate.

"(e) Rate Reduction.—On and after October 1, 1972—

"(1) the taxes imposed by subsections (a) and (b) shall be 1½ cents a gallon, and

"(2) the second and third sentences of subsections (a) and (b) shall not apply.

"(f) Exemption for Farm Use.—

"(1) Exemption.—Under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under this section on any liquid sold for use or used on a farm for farming purposes.

"(2) Use on a Farm for Farming Purposes.—For purposes of paragraph (1) of this subsection, use on a farm for farming purposes shall be determined in accordance with paragraphs (1), (2), and (3) of section 6420 (c).

"(g) Exemption for Use as Supplies for Vessels.—Under regulations prescribed by the Secretary or his delegate, no tax shall be
imposed under this section on any liquid sold for use or used as supplies for vessels or aircraft (within the meaning of section 4221(d)(3)).

“(h) **Registration.**—If any liquid is sold by any person for use as a fuel in an aircraft, it shall be presumed for purposes of this section that a tax imposed by this section applies to the sale of such liquid unless the purchaser is registered in such manner (and furnishes such information in respect of the use of the liquid) as the Secretary or his delegate shall by regulations provide.”

(b) **Conforming and Technical Amendments.**—Section 4041(b) (relating to imposition of tax on special motor fuels) is amended—

(1) by striking out “motor vehicle, motorboat, or airplane” each place it appears and inserting in lieu thereof “motor vehicle or motorboat”, and

(2) by striking out “for the propulsion of” each place it appears and inserting in lieu thereof “in”.

**SEC. 203. TAX ON TRANSPORTATION OF PERSONS BY AIR.**

(a) **Imposition of Tax.**—Section 4261 (relating to imposition of tax on transportation of persons by air) is amended to read as follows:

“SEC. 4261. IMPOSITION OF TAX.

“(a) **In General.**—There is hereby imposed upon the amount paid for taxable transportation (as defined in section 4262) of any person which begins after June 30, 1970, a tax equal to 8 percent of the amount so paid. In the case of amounts paid outside of the United States for taxable transportation, the tax imposed by this subsection shall apply only if such transportation begins and ends in the United States.

“(b) **Seats, Berths, Etc.**—There is hereby imposed upon the amount paid for seating or sleeping accommodations in connection with transportation which begins after June 30, 1970, and with respect to which a tax is imposed by subsection (a), a tax equal to 8 percent of the amount so paid.

“(c) **Use of International Travel Facilities.**—There is hereby imposed a tax of $3 upon any amount paid (whether within or without the United States) for any transportation of any person by air, if such transportation begins in the United States and begins after June 30, 1970. This subsection shall not apply to any transportation all of which is taxable under subsection (a) (determined without regard to sections 4281 and 4282).

“(d) **By Whom Paid.**—Except as provided in section 4263 (a), the taxes imposed by this section shall be paid by the person making the payment subject to the tax.

“(e) **Reduction, Etc., of Rates.**—Effective with respect to transportation beginning after June 30, 1980—

“(1) the rate of the taxes imposed by subsections (a) and (b) shall be 5 percent, and

“(2) the tax imposed by subsection (c) shall not apply.”

(b) **Definition of Taxable Transportation.**—Section 4262 (relating to definition of taxable transportation) is amended—

(1) by striking out “subchapter” in subsections (a) and (b) and inserting in lieu thereof “part”;

(2) by striking out “transportation” in subsection (a)(1) and inserting in lieu thereof “transportation by air”;

(3) by striking out “in the case of transportation” in subsection (a)(2) and inserting in lieu thereof “in the case of transportation by air”;

(4) by striking out “any transportation which” in subsection (b) and inserting in lieu thereof “any transportation by air which”; and
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(5) by adding at the end thereof the following new subsection:

"(d) TRANSPORTATION.—For purposes of this part, the term 'transportation' includes layover or waiting time and movement of the aircraft in deadhead service."

(c) REQUIREMENTS WITH RESPECT TO AIRLINE TICKETS AND ADVERTISING.—

(1) Subchapter B of chapter 75 (relating to other offenses) is amended by adding at the end thereof the following new section:

"SEC. 7275. PENALTY FOR OFFENSES RELATING TO CERTAIN AIRLINE TICKETS AND ADVERTISING.

"(a) TICKETS.—In the case of transportation by air all of which is taxable transportation (as defined in section 4262), the ticket for such transportation—

"(1) shall show the total of (A) the amount paid for such transportation and (B) the taxes imposed by sections 4261 (a) and (b),

"(2) shall not show separately the amount paid for such transportation nor the amount of such taxes, and

"(3) if the ticket shows amounts paid with respect to any segment of such transportation, shall comply with paragraphs (1) and (2) with respect to such segments as well as with respect to the sum of the segments.

"(b) ADVERTISING.—In the case of transportation by air all of which is taxable transportation (as defined in section 4262) or would be taxable transportation if section 4262 did not include subsection (b) thereof, any advertising made by or on behalf of any person furnishing such transportation (or offering to arrange such transportation) which states the cost of such transportation shall—

"(1) state such cost only as the total of (A) the amount to be paid for such transportation, and (B) the taxes imposed by sections 4261 (a), (b), and (c),

"(2) shall not state separately the amount to be paid for such transportation nor the amount of such taxes.

"(c) PENALTY.—Any person who violates any provision of subsection (a) or (b) is, for each violation, guilty of a misdemeanor, and upon conviction thereof shall be fined not more than $100."

(2) The table of sections for such subchapter B is amended by adding at the end thereof the following:

"Sec. 7275. Penalty for offenses relating to certain airline tickets and advertising."

SEC. 204. TAX ON TRANSPORTATION OF PROPERTY BY AIR.

Subchapter C of chapter 33 (relating to transportation by air) is amended by adding at the end thereof the following new part:

"PART II—PROPERTY

"Sec. 4271. Imposition of tax.

"Sec. 4272. Definition of taxable transportation, etc.

"SEC. 4271. IMPOSITION OF TAX.

"(a) IN GENERAL.—There is hereby imposed upon the amount paid within or without the United States for the taxable transportation (as defined in section 4272) of property which begins after June 30, 1970, a tax equal to 5 percent of the amount so paid for such transportation. The tax imposed by this subsection shall apply only to amounts paid to a person engaged in the business of transporting property by air for hire.

"(b) BY WHOM PAID.—

"(1) IN GENERAL.—Except as provided by paragraph (2), the tax imposed by subsection (a) shall be paid by the person making the payment subject to tax.
“(2) Payments made outside the United States.—If a payment subject to tax under subsection (a) is made outside the United States and the person making such payment does not pay such tax, such tax—

(A) shall be paid by the person to whom the property is delivered in the United States by the person furnishing the last segment of the taxable transportation in respect of which such tax is imposed, and

(B) shall be collected by the person furnishing the last segment of such taxable transportation.

“(c) Determination of Amounts Paid in Certain Cases.—For purposes of this section, in any case in which a person engaged in the business of transporting property by air for hire and one or more other persons not so engaged jointly provide services which include taxable transportation of property, and the person so engaged receives, for the furnishing of such taxable transportation, a portion of the receipts from the joint providing of such services, the amount paid for the taxable transportation shall be treated as being the sum of (1) the portion of the receipts so received, and (2) any expenses incurred by any of the persons not so engaged which are properly attributable to such taxable transportation and which are taken into account in determining the portion of the receipts so received.

(d) Termination.—Effective with respect to transportation beginning after June 30, 1980, the tax imposed by subsection (a) shall not apply.

“SEC. 4272. DEFINITION OF TAXABLE TRANSPORTATION, ETC.

“(a) In General.—For purposes of this part, except as provided in subsection (b), the term ‘taxable transportation’ means transportation by air which begins and ends in the United States.

“(b) Exceptions.—For purposes of this part, the term ‘taxable transportation’ does not include—

(1) that portion of any transportation which meets the requirements of paragraphs (1), (2), (3), and (4) of section 4262(b), or

(2) under regulations prescribed by the Secretary or his delegate, transportation of property in the course of exportation (including shipment to a possession of the United States) by continuous movement, and in due course so exported.

“(c) Excess Baggage of Passengers.—For purposes of this part, the term ‘property’ does not include excess baggage accompanying a passenger traveling on an aircraft operated on an established line.

“(d) Transportation.—For purposes of this part, the term ‘transportation’ includes layover or waiting time and movement of the aircraft in deadhead service.”

SEC. 205. MISCELLANEOUS AMENDMENTS RELATING TO TAXES ON TRANSPORTATION BY AIR.

(a) Exemptions and Special Rules.—

(1) Subchapter C of chapter 33 (relating to transportation by air) is amended by adding at the end thereof the following new part:
PART III—SPECIAL PROVISIONS APPLICABLE TO TAXES ON TRANSPORTATION BY AIR

"Sec. 4281. Small aircraft on nonestablished lines.
"Sec. 4282. Transportation by air for other members of affiliated group.

"SEC. 4281. SMALL AIRCRAFT ON NONESTABLISHED LINES.
"The taxes imposed by sections 4261 and 4271 shall not apply to transportation by an aircraft having a maximum certificated takeoff weight (as defined in section 4492(b)) of 6,000 pounds or less, except when such aircraft is operated on an established line.

"SEC. 4282. TRANSPORTATION BY AIR FOR OTHER MEMBERS OF AFFILIATED GROUP.

"(a) GENERAL RULE.—Under regulations prescribed by the Secretary or his delegate, if—
"(1) one member of an affiliated group is the owner or lessee of an aircraft, and
"(2) such aircraft is not available for hire by persons who are not members of such group,
no tax shall be imposed under section 4261 or 4271 upon any payment received by one member of the affiliated group from another member of such group for services furnished to such other member in connection with the use of such aircraft.

"(b) AFFILIATED GROUP.—For purposes of subsection (a), the term 'affiliated group' has the meaning assigned to such term by section 1504(a), except that all corporations shall be treated as includible corporations (without any exclusion under section 1504(b))."

"(2) Section 4292 (relating to State and local governmental exemption) is amended by striking out "or 4261".

"(3) Section 4293 (relating to exemption for United States and possessions) is amended by striking out "subchapters B and C" and inserting in lieu thereof "subchapter B".

"(4) Section 4294(a) (relating to exemption for nonprofit educational organizations) is amended by striking out "or 4261".

"(b) CREDITS AND REFUNDS.—

"(1) (A) Section 6421(a) (relating to nonhighway use of gasoline) is amended by adding the following sentence at the end thereof: "Except as provided in paragraph (3) of subsection (e) of this section, in the case of gasoline used after June 30, 1970, as a fuel in an aircraft, the Secretary or his delegate shall pay (without interest) to the ultimate purchaser of such gasoline an amount equal to the amount determined by multiplying the number of gallons of gasoline so used by the rate at which tax was imposed on such gasoline under section 4081."

"(B) Section 6421(e) (relating to exempt sales; other payments or refunds available) is amended by adding at the end thereof the following new paragraph:

"(3) GASOLINE USED IN NONCOMMERCIAL AVIATION.—This section shall not apply in respect of gasoline which is used after June 30, 1970, as a fuel in an aircraft in noncommercial aviation (as defined in section 4041(e)(4))."

"(2) Section 6415 (relating to credits or refunds to persons who collected certain taxes) is amended by striking out "section 4251 or 4261" each place it appears and inserting in lieu thereof "section 4251, 4261, or 4271".

"Affiliated group."
(3) Subparagraph (A) of section 6416(a)(2) (relating to exceptions) is amended by striking out "section 4041 (a)(2) or (b)(2) (use of diesel and special motor fuels)" and inserting in lieu thereof "section 4041 (relating to tax on special fuels) on the use of any liquid".

(4) Subparagraph (M) of section 6416(b)(2) (relating to special cases in which tax payments constitute overpayments) is amended to read as follows:

"(M) in the case of gasoline, used or sold for use in the production of special fuels referred to in section 4041;".

(c) Other Technical and Clerical Amendments.—

(1) Section 4263 (relating to exemptions) is hereby repealed.

(2) Section 4264 (relating to special rules) is redesignated as section 4263.

(3) Section 4291 is amended by striking out "section 4264(a)" and inserting in lieu thereof "section 4263(a)".

(4) So much of subchapter C of chapter 33 (relating to transportation of persons) as precedes section 4261 is amended to read as follows:

"Subchapter C—Transportation by Air

"Part I. Persons.
"Part II. Property.
"Part III. Special provisions relating to taxes on transportation by air.

"PART I—PERSONS

"Sec. 4261. Imposition of tax.
"Sec. 4262. Definition of taxable transportation.
"Sec. 4263. Special rules."

(5) The table of subchapters for chapter 33 is amended by striking out "SUBCHAPTER C—Transportation of Persons by Air." and inserting in lieu thereof "SUBCHAPTER C—Transportation by Air."

(6) Section 4082(c) (relating to certain uses defined as sales) is amended by striking out "or of special motor fuels referred to in section 4041(b)" and inserting in lieu thereof "or of special fuels referred to in section 4041".

(7) Section 6420(i)(1) (relating to cross references) is amended—

(A) by striking out "diesel fuel and special motor fuels" and inserting in lieu thereof "special fuels", and

(B) by striking out "section 4041(d)" and inserting in lieu thereof "section 4041(f)".

(8) Section 6421(j) (relating to cross references) is amended to read as follows:

"(j) Cross References.—

"(1) For rate of tax in case of special fuels used in noncommercial aviation or for nonhighway purposes, see section 4041.

"(2) For civil penalty for excessive claims under this section, see section 6675.

"(3) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures)."

SEC. 206. TAX ON USE OF AIRCRAFT.

(a) Imposition of Tax.—Chapter 36 (relating to certain other excise taxes) is amended by adding at the end thereof the following new subchapter:
Subchapter E—Tax on Use of Civil Aircraft

Sec. 4491. Imposition of tax.
Sec. 4492. Definitions.
Sec. 4493. Special rules.
Sec. 4494. Cross reference.

 Sec. 4491. Imposition of tax.
(a) Imposition of tax.—A tax is hereby imposed on the use of any taxable civil aircraft during any year at the rate of—

(1) $25, plus
(2) (A) in the case of an aircraft (other than a turbine engine powered aircraft) having a maximum certificated takeoff weight of more than 2,500 pounds, 2 cents a pound for each pound of the maximum certificated takeoff weight, or (B) in the case of any turbine engine powered aircraft, $15 cents a pound for each pound of the maximum certificated takeoff weight.

(b) By whom paid.—Except as provided in section 4493(a), the tax imposed by this section shall be paid—

(1) in the case of a taxable civil aircraft described in section 4492(a) (1), by the person in whose name the aircraft is, or is required to be, registered, or
(2) in the case of a taxable civil aircraft described in section 4492(a) (2), by the United States person by or for whom the aircraft is owned.

(c) Proration of tax.—If in any year the first use of the taxable civil aircraft is after the first month in such year, that portion of the tax which is determined under subsection (a) (2) shall be reckoned proportionately from the first day of the month in which such use occurs to and including the last day in such year.

(d) One tax liability per year.—

(1) In general.—To the extent that the tax imposed by this section is paid with respect to any taxable civil aircraft for any year, no further tax shall be imposed by this section for such year with respect to such aircraft.

(2) Cross reference.—

For privilege of paying tax imposed by this section in installments, see section 6156.

(e) Termination.—On and after July 1, 1980, the tax imposed by subsection (a) shall not apply.

Sec. 4492. Definitions.

(a) Taxable civil aircraft.—For purposes of this subchapter, the term ‘taxable civil aircraft’ means any engine driven aircraft—

(1) registered, or required to be registered, under section 501(a) of the Federal Aviation Act of 1958 (49 U.S.C., sec. 1401(a)), or
(2) which is not described in paragraph (1) but which is owned by or for a United States person.

(b) Weight.—For purposes of this subchapter, the term ‘maximum certificated takeoff weight’ means the maximum such weight contained in the type certificate or airworthiness certificate.

(c) Other definitions.—For purposes of this subchapter—

(1) Year.—The term ‘year’ means the one-year period beginning on July 1.
(2) Use.—The term ‘use’ means use in the navigable airspace of the United States.
“(3) NAVIGABLE AIRSPACE OF THE UNITED STATES.—The term ‘navigable airspace of the United States’ has the definition given to such term by section 101(24) of the Federal Aviation Act of 1958 (49 U.S.C., sec. 1301(24)), except that such term does not include the navigable airspace of the Commonwealth of Puerto Rico or of any possession of the United States.

“SEC. 4493. SPECIAL RULES.

“(a) PAYMENT OF TAX BY LESSEE.—

“(1) IN GENERAL.—Any person who is the lessee of any taxable civil aircraft on the day in any year on which occurs the first use which subjects such aircraft to the tax imposed by section 4491 for such year may, under regulations prescribed by the Secretary or his delegate, elect to be liable for payment of such tax. Notwithstanding any such election, if such lessee does not pay such tax, the lessor shall also be liable for payment of such tax.

“(2) EXCEPTION.—No election may be made under paragraph (1) with respect to any taxable civil aircraft which is leased from a person engaged in the business of transporting persons or property for compensation or hire by air.

“(b) CERTAIN PERSONS ENGAGED IN FOREIGN AIR COMMERCE.—

“(1) ELECTION TO PAY TENTATIVE TAX.—Any person who is a significant user of taxable civil aircraft in foreign air commerce may, with respect to that portion of the tax imposed by section 4491 which is determined under section 4491(a)(2) on any taxable civil aircraft for any year beginning on or after July 1, 1970, elect to pay the tentative tax determined under paragraph (2). The payment of such tentative tax shall not relieve such person from payment of the net liability for the tax imposed by section 4491 on such taxable civil aircraft (determined as of the close of such year).

“(2) TENTATIVE TAX.—For purposes of paragraph (1), the tentative tax with respect to any taxable civil aircraft for any year is an amount equal to that portion of the tax imposed by section 4491 on such aircraft for such year which is determined under section 4491(a)(2), reduced by a percentage of such amount equal to the percentage which the aggregate of the payments to which such person was entitled under section 6426 (determined without regard to section 6426(c)(2)) with respect to the preceding year is of the aggregate of the taxes imposed by section 4491 for which such person was liable for payment for the preceding year. In the case of the year beginning on July 1, 1970, this subsection shall apply only if the person electing to pay the tentative tax establishes what the tentative tax would have been for such year if section 4491 had taken effect on July 1, 1969.

“(3) SIGNIFICANT USERS OF AIRCRAFT IN FOREIGN AIR COMMERCE.—For purposes of paragraph (1), a person is a significant user of taxable civil aircraft in foreign air commerce for any year only if the aggregate of the payments to which such person was entitled under section 6426 (determined without regard to section 6426(c)(2)) with respect to the preceding year was at least 10 percent of the aggregate of the taxes imposed by section 4491 for which such person was liable for payment for the preceding year.

“(4) NET LIABILITY FOR TAX.—For purposes of paragraph (1), the net liability for the tax imposed by section 4491 with respect to any taxable civil aircraft for any year is—

“(A) the amount of the tax imposed by such section, reduced by
"(B) the amount payable under section 6426 with respect to such aircraft for the year (determined without regard to section 6426(c)(2))."

"SEC. 4494. CROSS REFERENCE.

"For penalties and administrative provisions applicable to this subchapter, see subtitle F."

(b) INSTALLMENT PAYMENT OF TAX.—

(1) Section 6156(a) (relating to installment payments of tax on use of highway motor vehicles) is amended by inserting "or 4491" after "4481".

(2) Paragraph (2) of section 6156(e) is amended to read as follows:

"(2) July, August, or September of 1972, in the case of the tax imposed by section 4481."

(c) REFUND FOR CERTAIN FOREIGN AIR COMMERCE.—Subchapter B of chapter 65 (relating to rules of special application) is amended by adding at the end thereof the following new section:

"SEC. 6426. REFUND OF AIRCRAFT USE TAX WHERE PLANE TRANSPORTS FOR HIRE IN FOREIGN AIR COMMERCE.

"(a) GENERAL RULE.—In the case of any aircraft used in the business of transporting persons or property for compensation or hire by air, if any of such transportation during any period is transportation in foreign air commerce, the Secretary or his delegate shall pay (without interest) to the person who paid the tax under section 4491 for such period the amount determined by multiplying that portion of the amount so paid for such period which is determined under section 4491(a)(2) with respect to such aircraft by a fraction—

"(1) the numerator of which is the number of airport-to-airport miles such aircraft traveled in foreign air commerce during such period while engaged in such business, and

"(2) the denominator of which is the total number of airport-to-airport miles such aircraft traveled during such period."

"(b) DEFINITIONS.—For purposes of this section—

"(1) FOREIGN AIR COMMERCE.—The term 'foreign air commerce' means any movement by air of the aircraft which does not begin and end in the United States; except that any segment of such movement in which the aircraft traveled between two ports or stations in the United States shall be treated as travel which is not foreign air commerce.

"(2) AIRPORT-TO-AIRPORT MILES.—The term 'airport-to-airport miles' means the official mileage distance between airports as determined under regulations prescribed by the Secretary or his delegate.

"(c) PAYMENTS TO PERSONS PAYING TENTATIVE TAX.—In the case of any person who paid a tentative tax determined under section 4493(b) with respect to any aircraft for any period, the amount payable under subsection (a) with respect to such aircraft for such period—

"(1) shall be computed with reference to that portion of the tax imposed under section 4491 for such period which is determined under section 4491(a)(2), and

"(2) as so computed, shall be reduced by an amount equal to—

"(A) the amount by which that portion of the tax imposed under section 4491 for such period which is determined under section 4491(a)(2) exceeds

"(B) the amount of the tentative tax determined under section 4493(b) paid for such period.

"(d) TIME FOR FILING CLAIM.—Not more than one claim may be filed under this section by any person with respect to any year. No
claim shall be allowed under this subsection with respect to any year unless filed on or before the first September 30 after the end of such year.

"(e) Regulations.—The Secretary or his delegate may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section or the amount to which any person is entitled under this section with respect to any period may be treated by such person as an overpayment which may be credited against the tax imposed by section 4491 with respect to such period."

(d) Clerical Amendments.—

(1) The table of subchapters for chapter 36 is amended by adding at the end thereof the following:

"SUBCHAPTER E. Tax on use of civil aircraft."

(2) The heading for section 6156 is amended by inserting "AND CIVIL AIRCRAFT" after "HIGHWAY MOTOR VEHICLES".

(3) The table of sections for subchapter A of chapter 62 is amended by inserting "and civil aircraft" after "highway motor vehicles" in the item relating to section 6156.

(4) The table of sections for subchapter B of chapter 65 is amended by adding at the end thereof the following:

"Sec. 6426. Refund of aircraft use tax where plane transports for hire in foreign air commerce."

SEC. 207. PAYMENTS WITH RESPECT TO CERTAIN USES OF GASOLINE AND SPECIAL FUELS.

(a) Payments With Respect to Certain Nontaxable Uses of Fuels.—Subchapter B of chapter 65 (relating to rules of special application) is amended by adding after section 6426 (as added by section 406 (c) of this title) the following new section:

"SEC. 6427. FUELS NOT USED FOR TAXABLE PURPOSES.

"(a) Nontaxable Uses.—Except as provided in subsection (f), if tax has been imposed under section 4041 (a), (b), or (c) on the sale of any fuel and, after June 30, 1970, the purchaser uses such fuel other than for the use for which sold, or resells such fuel, the Secretary or his delegate shall pay (without interest) to him an amount equal to—

"(1) the amount of tax imposed on the sale of the fuel to him, reduced by

"(2) if he uses the fuel, the amount of tax which would have been imposed under section 4041 on such use if no tax under section 4041 had been imposed on the sale of the fuel.

"(b) Local Transit Systems.—

"(1) Allowance.—Except as provided in subsection (f) if any fuel on the sale of which tax was imposed under section 4041 (a) or (b) is, after June 30, 1970, used by the purchaser during any calendar quarter in vehicles while engaged in furnishing scheduled common carrier public passenger land transportation service along regular routes, the Secretary or his delegate shall, subject to the provisions of paragraph (2), pay (without interest) to the purchaser the amount determined by multiplying—

"(A) 2 cents for each gallon of fuel so used on which tax was imposed at the rate of 4 cents a gallon, by

"(B) the percentage which the purchaser's commuter fare revenue (as defined in section 6421(d)(2)) derived from such scheduled service during the quarter was of his total passenger fare revenue derived from such scheduled service during the quarter.

"(2) Limitation.—Paragraph (1) shall apply in respect of fuel used during any calendar quarter only if at least 60 percent of the total passenger fare revenue derived during the quarter..."
from scheduled service described in paragraph (1) by the purchaser was attributable to commuter fare revenue derived during the quarter by the purchaser from such scheduled service.

"(c) USE FOR FARMING PURPOSES.—Except as provided in subsection (f), if any fuel on the sale of which tax was imposed under section 4041 (a), (b), or (c) is, after June 30, 1970, used on a farm for farming purposes (within the meaning of section 6420(c)), the Secretary or his delegate shall pay (without interest) to the purchaser an amount equal to the amount of the tax imposed on the sale of the fuel. For purposes of this subsection, if fuel is used on a farm by any person other than the owner, tenant, or operator of such farm, such owner, tenant, or operator shall be treated as the user and purchaser of such fuel.

"(d) TIME FOR FILING CLAIMS; PERIOD COVERED.—

"(1) GENERAL RULE.—Except as provided in paragraph (2), not more than one claim may be filed under subsection (a), (b), or (c), by any person with respect to fuel used during his taxable year; and no claim shall be allowed under this paragraph with respect to fuel used during any taxable year unless filed by the purchaser not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purposes of this paragraph, a person's taxable year shall be his taxable year for purposes of subtitle A.

"(2) EXCEPTION.—If $1,000 or more is payable under subsections (a) and (b) to any person with respect to fuel used during any of the first three quarters of his taxable year, a claim may be filed under this section by the purchaser with respect to fuel used during such quarter. No claim filed under this paragraph shall be allowed unless filed on or before the last day of the first quarter following the quarter for which the claim is filed.

"(e) APPLICABLE LAWS.—

"(1) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the taxes imposed by section 4041 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds of overpayments of the tax so imposed.

"(2) EXAMINATION OF BOOKS AND WITNESSES.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

"(f) INCOME TAX CREDIT IN LIEU OF PAYMENT.—

"(1) PERSONS NOT SUBJECT TO INCOME TAX.—Payment shall be made under this section only to—

"(A) the United States or an agency or instrumentality thereof, a State, a political subdivision of a State, or any agency or instrumentality of one or more States or political subdivisions, or

"(B) an organization exempt from tax under section 501 (a) (other than an organization required to make a return of the tax imposed under subtitle A for its taxable year).

"(2) EXCEPTION.—Paragraph (1) shall not apply to a payment of a claim filed under subsection (d) (2).
“(3) ALLOWANCE OF CREDIT AGAINST INCOME TAX.—

“For allowances of credit against the income tax imposed by
subtitle A for fuel used or resold by the purchaser, see section 39.

“(g) REGULATIONS.—The Secretary or his delegate may by regu-
lations prescribe the conditions, not inconsistent with the provisions
of this section, under which payments may be made under this section.

“(h) CROSS REFERENCES.—

“(1) For civil penalty for excessive claims under this section,
see section 6675.

“(2) For fraud penalties, etc., see chapter 75 (section 7201 and fol-
lowing, relating to crimes, other offenses, and forfeitures).”

79 Stat. 165.

(b) TIME FOR FILING CLAIMS.—Section 6420(b)(2)(B) (relating
to gasoline used on farms), section 6421(c)(3)(A)(ii) (relating to
gasoline used for certain nonhighway purposes or by local transit
systems), and section 6424(b)(1) (relating to lubricating oil not used
in highway vehicles) are each amended by striking out “time pre-
scribed by law for filing an income tax return for such taxable year”
and inserting in lieu thereof “time prescribed by law for filing a claim
for credit or refund of overpayment of income tax for such taxable
year”.

79 Stat. 137.

(c) CREDIT AGAINST INCOME TAX.—Section 39 (relating to certain
uses of gasoline and lubrication oil) is amended—

(1) by inserting “SPECIAL FUELS,” after “GASOLINE”
in the heading of such section;

(2) by striking out “and” at the end of subsection (a)(2), by
striking out the period at the end of subsection (a)(3) and insert-
ing in lieu thereof “and”, and”, and by adding at the end of subsection
(a) the following new paragraph:

“(4) under section 6427 with respect to fuels used for non-
taxable purposes or resold during the taxable year (determined
without regard to section 6427(f)).”;

(3) by striking out “6421 or 6424” in subsection (c) and insert-
ing in lieu thereof “6421, 6424, or 6427”; and

(4) by striking out “6421(i) or 6424(g)” in subsection (c)
and inserting in lieu thereof “6421(i), 6424(g), or 6427(f)”.


(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Sections 874(a), 6201(a)(4), and 6401(b) are each
amended by striking out “uses of gasoline and lubricating oil” and
inserting in lieu thereof “uses of gasoline, special fuels, and lubri-
cating oil”.

(2) The heading of section 6201(a)(4) is amended by striking
out “FOR USE OF GASOLINE” and inserting in lieu thereof “UNDER
SECTION 39”.

79 Stat. 168.

(3) Section 6206 is amended—

(A) by striking out “AND 6424” in the heading of such
section and inserting in lieu thereof “6424, AND 6427”; and

(B) by striking out “or 6424” each place it appears in the
text of such section and inserting in lieu thereof “6424, or
6427”; and

(C) by striking out “by section 4081 (or, in the case of
lubricating oil, by section 4091)” and inserting in lieu thereof
“by section 4081 (with respect to payments under sections
6420 and 6421), 4091 (with respect to payments under sec-
tion 6424), or 4041 (with respect to payments under section
6427)”.

72 Stat. 1306.

(4) Section 6416(b)(2)(G) is amended by inserting “before
July 1, 1970” after “if”.
(5) Section 6416(b)(2)(H) is amended by inserting "beginning before July 1, 1970," after "during any calendar quarter".
(6) Section 6416(b)(2)(I) is amended by inserting "before July 1, 1970," after "used or resold for use".
(7) Section 6416(b)(2)(J) is amended by inserting "before July 1, 1970," after "used or resold for use".
(8) Section 6675 is amended—
(A) by striking out "GASOLINE" in the heading of such section and inserting in lieu thereof "FUELS";
(B) by striking out "or" before "6424" in subsection (a), and by inserting after "motor vehicles" in such subsection ", or 6427 (relating to fuels not used for taxable purposes)";
and
(C) by striking out "or 6424" in subsection (b)(1) and inserting in lieu thereof "6424, or 6427".
(9) Sections 7210, 7603, and 7604, and the first sentence of section 7605(a) are each amended by inserting "6427(e)(2)", after "6424(d)(2)". The second sentence of section 7605 (a) is amended by striking out "or 6424(d)(2)" and inserting in lieu thereof "6424(d)(2), or 6427(e)(2)".
(10) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting ", special fuels," after "gasoline" in the item relating to section 39.
(11) The table of sections for subchapter A of chapter 63 is amended by striking out "and 6424" in the item relating to section 6206 and inserting in lieu thereof "6424, and 6427".
(12) The table of sections for subchapter B of chapter 65 is amended by adding at the end thereof the following new item:

"Sec. 6427. Fuels not used for taxable purposes."

(13) The table of sections for subchapter B of chapter 68 is amended by striking out "gasoline" in the item relating to section 6675 and inserting in lieu thereof "fuels".

(e) HIGHWAY TRUST FUND AMENDMENTS.—Subsection (f) of section 209 of the Highway Revenue Act of 1956 (23 U.S.C., sec. 120 note) is amended—

(1) by inserting at the end of paragraph (3) the following new sentence: "This paragraph shall not apply to amounts estimated by the Secretary of the Treasury as paid under sections 6420 and 6421 of such Code with respect to gasoline used after June 30, 1970, in aircraft.");
(2) by striking out "GASOLINE AND LUBRICATING OIL" in the heading of paragraph (6) and inserting in lieu thereof "GASOLINE, SPECIAL FUELS, AND LUBRICATING OIL";
(3) by striking out "(relating to credit for certain uses of gasoline and lubricating oil) with respect to gasoline and lubricating oil" in the first sentence of paragraph (6) and inserting in lieu thereof "(relating to credit for certain uses of gasoline, special fuels, and lubricating oil) with respect to gasoline, special fuels, and lubricating oil";
(4) by adding at the end of paragraph (6) the following new sentence: "This paragraph shall not apply to amounts estimated by the Secretary of the Treasury as attributable to the use after June 30, 1970, of gasoline and special fuels in aircrafts.";
(5) by adding after paragraph (6) the following new paragraph:

"(7) TRANSFERS FROM TRUST FUND FOR NONTAXABLE USES OF FUELS.—The Secretary of the Treasury shall pay from time to time from the Trust Fund into the general fund of the Treasury amounts equivalent to the amounts paid before July 1, 1973, under
section 6427 of the Internal Revenue Code of 1954 (relating to fuels not used for taxable purposes) on the basis of claims filed for fuels used before October 1, 1972. This paragraph shall not apply to amounts estimated by the Secretary of the Treasury as paid under such section 6427 with respect to fuels used in aircraft.”

SEC. 208. AIRPORT AND AIRWAY TRUST FUND.

(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the “Airport and Airway Trust Fund” (hereinafter in this section referred to as the “Trust Fund”), consisting of such amounts as may be appropriated or credited to the Trust Fund as provided in this section.

(b) TRANSFER TO TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—There is hereby appropriated to the Trust Fund—

(1) amounts equivalent to the taxes received in the Treasury after June 30, 1970, and before July 1, 1980, under subsections (c) and (d) of section 4041 (taxes on aviation fuel) and subsections 4261, 4271, and 4491 (taxes on transportation by air and on use of civil aircraft) of the Internal Revenue Code of 1954;

(2) amounts determined by the Secretary of the Treasury to be equivalent to the taxes received in the Treasury after June 30, 1970, and before July 1, 1980, under section 4081 of such Code, with respect to gasoline used in aircraft; and

(3) amounts determined by the Secretary of the Treasury to be equivalent to the taxes received in the Treasury after June 30, 1970, and before July 1, 1980, under paragraphs (2) and (3) of section 4071(a) of such Code, with respect to tires and tubes of the types used on aircraft.

The amounts appropriated by paragraphs (1), (2), and (3) shall be transferred at least quarterly from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in paragraphs (1), (2), and (3) received in the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) TRANSFER OF UNEXPENDED FUNDS.—At the close of June 30, 1970, there shall be transferred to the Trust Fund all unexpended funds which have been appropriated before July 1, 1970, out of the general fund of the Treasury to meet obligations of the United States (1) described in subparagraph (B) or (C) of subsection (f) of this section, or (2) incurred under the Federal Airport Act (49 U.S.C., sec. 1101 et seq.).

(d) APPROPRIATION OF ADDITIONAL SUMS.—There are hereby authorized to be appropriated to the Trust Fund such additional sums as may be required to make the expenditures referred to in subsection (f) of this section.

(e) MANAGEMENT OF TRUST FUND.—

(1) REPORT.—It shall be the duty of the Secretary of the Treasury to hold the Trust Fund, and (after consultation with the Secretary of Transportation) to report to the Congress each year on the financial condition and the results of the operations of the Trust Fund during the preceding fiscal year and on its expected condition and operations during the next five fiscal years. Such report shall be printed as a House document of the session of the Congress to which the report is made.
(2) **Investment.**

(A) **In General.**—It shall be the duty of the Secretary of the Treasury to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 percent next lower than such average rate. Such special obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(B) **Sale of Obligations.**—Any obligation acquired by the Trust Fund (except special obligations issued exclusively to the Trust Fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at par plus accrued interest.

(C) **Interest on Certain Proceeds.**—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

(3) **Applicability of Paragraph (2).**—Paragraph (2) of this subsection shall not apply until the beginning of the fiscal year immediately following the first fiscal year beginning after June 30, 1970, in which the receipts of the Trust Fund under subsection (b) exceed 80 percent of the expenditures from the Trust Fund under subsection (f) (1).

(f) **Expenditures From Trust Fund.**

(1) **Airport and Airway Program.**—Amounts in the Trust Fund shall be available, as provided by appropriation Acts, for making expenditures after June 30, 1970, and before July 1, 1980, to meet those obligations of the United States—

(A) hereafter incurred under title I of this Act (as in effect on the date of the enactment of this Act), or incurred at any time before July 1, 1970, under the Federal Airport Act (49 U.S.C., sec. 1101 et seq.)

(B) heretofore or hereafter incurred under the Federal Aviation Act of 1958, as amended (49 U.S.C., sec. 1301 et seq.), which are attributable to planning, research and
development, construction, or operation and maintenance of—

(i) air traffic control,
(ii) air navigation,
(iii) communications, or
(iv) supporting services,
for the airway system; or

(C) for those portions of the administrative expenses of the Department of Transportation which are attributable to activities described in subparagraph (A) or (B).

(2) Transfers from Trust Fund on Account of Certain Refunds.—The Secretary of the Treasury shall pay from time to time from the Trust Fund into the general fund of the Treasury amounts equivalent to—

(A) the amounts paid after June 30, 1970, and before July 1, 1980, in respect of fuel used in aircraft, under sections 70 Stat. 87; 79 Stat. 165. (relating to amounts paid in respect of gasoline used on farms), 6421 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes), and 6427 (relating to fuels not used for taxable purposes) of the Internal Revenue Code of 1954, and

(B) the amounts paid under section 6426 of such Code (relating to refund of aircraft use tax where plane transports for hire in foreign air commerce),

on the basis of claims filed for periods beginning after June 30, 1970.

(3) Transfers from Trust Fund on Account of Certain Section 39 Credits.—The Secretary of the Treasury shall pay from time to time from the Trust Fund into the general fund of the Treasury amounts equivalent to the credits allowed under section 39 of the Internal Revenue Code of 1954 with respect to fuel used in aircraft during taxable years ending after June 30, 1970, and beginning before July 1, 1980, and attributable to use after June 30, 1970, and before July 1, 1980. Such amounts shall be transferred on the basis of estimates by the Secretary of the Treasury, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the credits allowed.

(g) Highway Trust Fund Amendment.—Subsection (c) of section 209 of the Highway Revenue Act of 1956 (23 U.S.C., sec. 120 note) is amended by adding at the end thereof the following new paragraph:

"(5) Adjustments for Aviation Uses.—The amounts described in paragraphs (1)(A) and (3)(A) with respect to any period shall (before the application of this subsection) be reduced by appropriate amounts to reflect any amounts transferred to the Airport and Airway Trust Fund under section 208(b) of the Airport and Airway Revenue Act of 1970 with respect to such period. The amounts described in paragraphs (1)(E) and (3)(C) with respect to any period shall (before the application of this subsection) be reduced by appropriate amounts to reflect any amounts transferred to the Airport and Airway Trust Fund under section 208(b)(3) of the Airport and Airway Revenue Act of 1970 with respect to such period."

SEC. 209. INVESTIGATION AND REPORT TO CONGRESS.

(a) Study and Investigation.—The Secretary of Transportation is hereby authorized and directed, in cooperation with such other Federal officers and agencies as may be designated by the President and through full consultation with and consideration of the views of the users of the system, to make a study and investigation to make
available to the Congress information on the basis of which it may determine what revisions, if any, of the taxes imposed by the United States should be made in order to assure, insofar as practicable, an equitable distribution of the tax burden among the various classes of persons using the airports and airways of the United States or otherwise deriving benefits from such airports and airways.

(b) Reports.—The Secretary of Transportation shall report to the Congress the results of the study and investigation required by subsection (a). The final report shall be made as soon as possible but in no event later than March 1, 1972. On or before March 1, 1971, the Secretary of Transportation shall report to the Congress the progress that has been made in carrying out the study and investigation required by subsection (a). Each such report shall be printed as a House document of the session of the Congress to which the report is made. In addition, the Secretary of Transportation shall identify the costs to the Federal Government that should appropriately be charged to the system and the value to be appropriately assigned to the general public benefit.

(c) Funds for Study and Investigation.—There are hereby authorized to be appropriated out of the Airport and Airway Trust Fund such sums as may be necessary to enable the Secretary of Transportation to carry out the provisions of this section.

SEC. 210. APPLICATION OF CERTAIN OTHER TAX PROVISIONS.

(a) Nothing in this title or in any other law of the United States shall prevent the application of sections 104 through 110 of title 4 of the United States Code to civil airports owned by the United States.

(b) Subsection (a) shall not apply to—

(1) sales or use taxes in respect of fuels for aircraft or in respect of other servicing of aircraft, or

(2) taxes, fees, head charges, or other charges in respect of the landing or taking off of aircraft or aircraft passengers or freight.

(c) In the case of any lease in effect on September 28, 1969, subsection (a) shall not authorize the levy or collection of any tax in respect of any transaction occurring, or any service performed, pursuant to such lease before the expiration of such lease (determined without regard to any renewal or extension of such lease made after September 28, 1969). For purposes of the preceding sentence, the term "lease" includes a contract.

SEC. 211. EFFECTIVE DATES.

(a) General Rule.—Except as provided in subsection (b), the amendments made by this title shall take effect on July 1, 1970.

(b) Exceptions.—The amendments made by sections 203 and 204 shall apply to transportation beginning after June 30, 1970. The amendments made by subsections (a), (b), and (c) of section 207 shall apply with respect to taxable years ending after June 30, 1970.

Approved May 21, 1970.