

November 16, 2011

Senator Joseph Lieberman
706 Hart Senate Office Building
Washington, DC 20510

Dear Senator Lieberman:

The New England Council applauds efforts to reduce the national deficit and address the long-term debt which currently burdens our economy. This is urgent work, and on behalf of our more than 400 members, we encourage each member of the U.S. House and Senate to work together to devise solutions to our nation's fiscal crisis.

As ideas are considered, however, it is important that the full economic impact of recommendations be considered in light of our stuttering national recovery. For example, the Administration has proposed a \$100 per flight tax for commercial, cargo and general aviation. As a corollary matter, a passenger security tax is also sought, raising that fee from today's minimum of \$2.50 per customer per flight segment to \$7.50.

Passengers and airlines already are subject to 17 federal taxes and fees, which now account for \$61 dollars - 20 percent - of the cost of a typical \$300 domestic round-trip ticket. These new taxes would cost airlines and their customers an additional \$3.5 billion annually, on top of the \$16.5 billion in federal taxes and fees they paid last year.

According to the U.S. Department of Transportation, in 2009, civil aviation supported over 10 million jobs, contributed \$1.3 trillion in total economic activity and accounted for 5.2 percent of total U.S. Gross Domestic Product (GDP). Analysis by the economic firm of Oliver Wyman estimates that in 2012 alone, the proposed new set of fees and taxes will result in almost 10,000 direct passenger and cargo airline job losses, costing the entire economy 181,000 lost jobs. By 2021, these taxes and fees would result in more than 17,000 direct passenger and cargo airline job losses, costing the entire economy 329,000 lost jobs.

In New England, some 21.5 million passengers initiated travel through our various airports in 2010 and well over two billion pounds of cargo landed in the region. In Connecticut specifically, over 730 million pounds of cargo entered the state through Bradley International Airport alone. In terms of passenger enplanement, the state saw more than 2.6 million domestic travelers and almost 25,000 inter-national passengers.

Robust cargo traffic is central to the health of New England companies, especially those seeking to increase exports of manufactured goods. Adding cost to this process will stifle economic growth and not simply in the aviation industry. Additional fees and taxes on vacation travel threaten our important tourism industry, while the chilling effect on business travel may cause widespread effects that are difficult to quantify. Certainly there is a direct impact on the aviation industry, but there are also added costs for virtually every employer in the region that must move people or cargo by air. We urge you to avoid adding new taxes and fees to an already over-burdened sector, because the cost implications for New England companies extend far beyond the aviation industry.

Sincerely,



Michele M. Jalbert
Executive Director – Policy & Strategy