

WHAT THEY'RE SAYING:

New Jersey's Proposed Jet Fuel Tax Hike

**BELOW ARE HIGHLIGHTS FROM LETTERS
WRITTEN BY BUSINESS AND LABOR
LEADERS WHO OPPOSE PROPOSALS
BY SOME IN THE NEW JERSEY STATE
LEGISLATURE TO HIKE JET FUEL TAXES.**



Such a hike – to **25 times the current level** – threatens the world-class aviation hub New Jersey has worked so hard to build. This new jet fuel tax would severely affect the airlines' ability to operate in the state, put jobs in jeopardy and limit air service options to the region for New Jersey families and businesses. Accordingly, business and labor leaders alike are making their voices heard, telling Trenton lawmakers to stop the jet fuel tax hike.

UPS Airlines

JEFF WAFFORD, PUBLIC AFFAIRS MANAGER

- ▶ “One of the reasons UPS has grown in New Jersey is the competitive business climate. In fact, we are currently building a new technology center in Parsippany in large part because of the work you have done to make it an appealing home for that expansion.”
- ▶ “Should the increase go into effect, New Jersey would go from being one of the most competitive states in the nation in terms of jet fuel taxation, to one that is higher than 65 percent of the other states.”
- ▶ “UPS looks very closely at state aviation fuel tax rates given the large percentage fuel plays in our expenses. Heavy tax increases like the one proposed on jet fuel could be detrimental to that future growth.”

➔ LETTER TO MEMBERS OF THE NJ GENERAL ASSEMBLY, JUNE 16, 2016

Spirit Airlines

THOMAS C. CANFIELD, SENIOR VICE PRESIDENT – GENERAL COUNSEL & SECRETARY

- ▶ “We are the sole commercial carrier serving Atlantic City which, thanks to Spirit’s ultra low-cost carrier (ULCC) prices, boasts some of the lowest average air fares of any city in the country. We recently have applied to commence new service at Newark, as capacity becomes available at that airport later this year. As we do so, we will bring an entirely new low-fare option to that important market, for the benefit of the many underserved residents and visitors who cannot afford to fly as often as they would like, or indeed to fly at all.”
- ▶ “Raising a significant cost item by almost 18 times* will inevitably lead to increases in passengers’ fares which, in turn, will suppress travel demand. Especially for a visitor-based local economy like Atlantic City, decreases in visitor traffic can be expected to cost jobs in travel-related business such as hotels, restaurants, casinos and rental car businesses, to name a few, all of which employ large numbers of people. The reduced number of visitors who do decide to travel at higher fares will have less to spend in the State, and so you can expect to see lower sales and hotel tax receipts as a direct result.”
- ▶ “This misguided proposal will hurt New Jersey jobs, local consumers and visitors, and may well lead to lower overall tax revenue to the State.”

▶ LETTER TO NEW JERSEY LEGISLATORS, JUNE 15, 2016

United Airlines

OSCAR MUNOZ, PRESIDENT AND CEO

- ▶ “On behalf of United Airlines and our approximately 12,000 employees in and around Newark, I write to express our vigorous opposition to legislation that would increase taxes on jet fuel. It is unacceptable to tax airline passengers to bolster support for New Jersey’s Transportation Trust Fund when our passengers already pay more than \$62 million a day in federal taxes.”
- ▶ “Increasing the jet fuel tax would make New Jersey a less business friendly state in which to operate, create jobs, and expand air service.”

▶ LETTER TO THE NJ LEGISLATURE & GOVERNOR CHRIS CHRISTIE, JUNE 16, 2016

International Association of Machinists and Aerospace Workers

SITO PANTOJA, GENERAL VICE PRESIDENT

- ▶ “On behalf of more than 4,000 International Association of Machinists & Aerospace Workers (IAM)-represented employees working at Newark Airport, I write to express our strong opposition to any legislation that would increase the effective tax rate on jet fuel in New Jersey. Increasing this tax would be shortsighted and would negatively impact the commercial aviation industry in New Jersey and particularly IAM members working at Newark Liberty International Airport.”
- ▶ “As it stands, the state’s tax climate is competitive in the Northeast and, frankly, that fact is one of the reasons why New Jersey is home to good aviation jobs with strong benefits, such as those held by IAM members. These are the kind of jobs we need now more than ever.”
- ▶ “Higher taxes on jet fuel would significantly drive up costs for airlines and their business/leisure passengers in the state, potentially leading to less travel and trade flowing through New Jersey. This would make it less likely that airlines will grow and hire more workers in the Garden State.”

▶ LETTER TO THE NJ LEGISLATURE, JUNE 17, 2016

International Brotherhood of Teamsters

DAVID BOURNE, DIRECTOR, AIRLINE DIVISION

- ▶ “We are concerned that any effective jet fuel tax increase would be shortsighted and could negatively impact the commercial aviation industry in New Jersey and particularly our dedicated technicians working at Newark Liberty International Airport.”
- ▶ “IBT members depend on a robust and growing aviation industry and oppose state legislation that would make it more challenging to support good-paying, high-skilled jobs in New Jersey.”

▶ LETTER TO NJ ASSEMBLY SPEAKER VINCENT PRIETO, NJ STATE SENATOR STEVEN OROHO & NJ STATE SENATOR RAYMOND LESNIAK, JUNE 15, 2016

American Airlines

RHETT D. WORKMAN, MANAGING DIRECTOR – GOVERNMENT AND AIRPORT AFFAIRS

- ▶ “Part of what makes New Jersey a strong market for commercial aviation is the state’s current competitive tax climate.”
- ▶ “Current legislative proposals put New Jersey’s aviation economic engine at risk and potentially bolster the competitive footprint of hubs in nearby states, including American’s own global gateways in New York and Pennsylvania. Both New York and Pennsylvania have low effective tax rates on fuel, which would put New Jersey at a serious competitive disadvantage in trying to expand air service.”

▶ LETTER TO NJ STATE SENATOR JENNIFER BECK, JUNE 16, 2016

Airlines for America

DAVID A. BERG, SENIOR VICE PRESIDENT & GENERAL COUNSEL

- ▶ “Commercial aviation is vital to the health of New Jersey’s economy, supporting nearly 150,000 jobs in New Jersey and driving \$22.1 billion in economic activity.”
- ▶ “Substantially increasing the jet fuel tax jeopardizes New Jersey’s competitiveness and could have significant unintended consequences that will harm New Jersey business and consumers. Diverting jet fuel tax revenues to fund surface and other infrastructure projects violates federal law and puts the State at risk of sanctions. We urge you to reject any proposed legislation that would do either of these things.”

-----▶ LETTER TO ASSEMBLY SPEAKER VINCENT PRIETO & SENATE PRESIDENT STEPHEN M. SWEENEY, JUNE 16, 2016

SEAN WILLIAMS, VICE PRESIDENT, STATE & LOCAL AFFAIRS

- ▶ “What the bill actually represents is two very negative outcomes. One would be an 18-fold* increase in the tax on commercial jet fuel. I don’t mean a doubling, not a tripling, not a quadrupling, but an 18-fold increase. The second thing is that if in fact that new revenue were to be used for roads and bridges and highways and anything other than commercial aviation, by federal law that would be illegal. Federal law clearly states that jet fuel tax proceeds, money that’s collected from airlines and passengers, needs to be spent on aviation and for aviation purposes. There are clear FAA sanctions, and if in fact this were to be done, New Jersey would be risking literally hundreds of millions of dollars in federal transportation grants, the irony of which is that the rationale supposedly for doing this is the need to boost the Transportation Trust Fund, and yet they’d be putting hundreds of millions of dollars at risk by doing it. This is going to have a devastating impact if it’s implemented and it’s going to be devastating for the Transportation Trust Fund in the long run because of the illegality of it.”

-----▶ ON-AIR INTERVIEW WITH 101.5’S BILL SPADEA, JUNE 21, 2016

Airlines for America (A4A) is the trade association for the leading U.S. passenger and cargo airlines, including Alaska Airlines; American Airlines; Atlas Air; FedEx Express; Hawaiian Airlines; JetBlue Airways; Southwest Airlines; United Airlines; and UPS Air Cargo. Air Canada is an associate member.

National Business Aviation Association

SCOTT O'BRIEN, SENIOR MANAGER, FINANCE AND TAX POLICY

- ▶ “One prime example of how general aviation powers the New Jersey economy is Teterboro airport, which handled nearly 170,000 aircraft movements in 2015. Teterboro is also home to six businesses that primarily fuel and service aircraft, and employ hundreds of New Jersey residents. Senate bill 2411/Assembly bill 11 will have a negative impact on these businesses as the significant fuel tax increases are likely to decrease fuel purchases and revenue.”
- ▶ “In addition to Teterboro, the state has 42 other public use airports, all of which generate significant revenue from aviation fuel sales and will be harmed by this bill. NBAA understands the need to seek funding sources for airport improvements and we applaud New Jersey for its strong network of GA airports. However, the proposed tax increases in Senate bill 2411/Assembly bill 11 have not been fully evaluated to determine the impact on all stakeholders.”

▶ LETTERS TO THE NJ LEGISLATURE, JUNE 22, 2016

National Air Transportation Association

THOMAS L HENDRICKS, PRESIDENT AND CEO

- ▶ “The legislation fails to recognize the unique nature of aviation, which allows stakeholders to simply fly to the state that affords the best value. In fact, these proposals are outside of what NATA sees nationally, where states are adopting tax statutes to make their aviation business more, not less, competitive with those in adjoining states.”
- ▶ “Finally, as you are aware, revenues derived from state aviation fuel taxes may only be used for aeronautical purposes. In 2014, the Federal Aviation Administration reaffirmed this long-standing policy noting that state taxes on aviation fuel ‘are subject to use either for a state aviation program or for airport-related purposes.’”

▶ LETTERS TO THE NJ LEGISLATURE, JUNE 22, 2016

**Prior to introduction, lawmakers indicated the jet fuel tax would rise from .4 cents per gallon (cpg) to 7 cpg, which represents an 18-fold increase. Bill language as introduced on 6/21/16 reflects a 25-fold increase to 10 cpg.*

STOP
the **JET FUEL TAX HIKE**