

SJR

35

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Rod's understanding was that there was a 10% tax on all travel fares. There was a \$6.00 departure tax on top of that (\$6.00 each way).

My understanding from what the people at DOT said (see attached) and my talks with Alaska, Delta, and Markair is:

There is definately a \$6 departure tax.

There is another tax (Federal U.S. Transportation Tax) but it is pro-rated and is less than 10% if you are traveling between Alaska the rest of the country. For example: according to AK Airlines, the tax amount between Seattle to Juneau is .0409.

The tax is 10% if you are just traveling within Alaska.

If you are travelling in the lower 48 you also pay 10%.

I faxed this portion to Randy Simmons (DOT) to make sure I knew what I was talking about and he said I did. They don't want to write a position paper against your resolution . . . but they don't really think it's a good idea . . .

ok -
we won't
keep it

Plz share this
info w/ Rod

KATY THE FOLLOWING WAS A MESSAGE I GOT FROM GENNY AT STATEWIDE AVIATION. SJR WAS BY LABOR AND COMMERCE IF THE MESSAGE IS CORRECT ; DON'T THINK WE WOULD WANT THE THINGS CHANGED
MESSAGE WAS AS FOLLOWS:

i called usdot to verify what the \$6.00 federal excise tax is. usdot indicates that there is indeed a \$6.00 excise tax for travel between the lower 48 and points in Alaska. However, the tax is actually less than the 10% domestic ticket tax assessed for travel within the lower 48 states. the \$6.00 tax was originally proposed as a mechanism to encourage travel to alaska and hawaii by reducing the cost of travel here. here is how it was explained to me..... for travel solely between points within alaska (just like points within the lower 48), a 10% tax is assessed on the ticket price, i.e. a \$500.00 round trip ticket from Anch to Barrow would be assessed a \$50.00 tax. For travel between an Alaska point and the lower 48, however a \$6.00 "international departure fee" is charged for each way, plus a portion of the domestic tax. For example, let's say a round trip ticket between Fai and Seattle is \$500.00. A passenger would pay the \$12 departure fee plus a reduced domestic tax of \$10.90 ($\$500 \times .0214$ (from a tax table)). that means the passenger saves \$27.10 in taxes. USDOT assumes that elimination of the \$6.00 tax would put Alaska and Hawaii in the "domestic " category, subject to the full %10 tax on all travel within and outside Alaska. In other words, the alternative doesn't look too attractive. i'll be out tomorrow morning at a seminar, but will be in at 9:30 to discuss further. jenny
p.s. quick mail is fun.

APR 13 14:23 DOT&PF COMM. OFFICE JUNEAU

FAX NO. 9072431512

P.3/8 02

01-16-92 03:55 PM FROM US/DOT AK AVIATION

701/04



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DATE 1/16 NUMBER OF PAGES 6 + COVER

TO JENNY OLENDORFF

FROM DIANNA STRAIN

HERE'S EVERYTHING YOU EVER WANTED TO KNOW ABOUT TRANSPORTATION TAXES. SELECT THE APPROPRIATE CODE FOR YOUR ALASKAN CITY FROM THE TABLE ON PAGE F173. THEN SELECT THE DOMESTIC U.S. CITY FROM THE ALASKAN/HAWAII TAX TABLE ON PAGES 174-176. MULTIPLY THE RATE FROM THE APPLICABLE COLUMN BY THE FARE. THE \$6 INTERNATIONAL AIR TRANSPORTATION TAX IS APPLICABLE TO BOTH INCOMING AND OUTGOING FLIGHTS i.e. \$12 ON A ROUND TRIP TICKET.

*This is passed from
local U.S. DOT office*

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This is person from local U.S. DOT office