

Georgia ends Delta Air Lines fuel tax break



On Monday, May 4th, Georgia Governor Nathan Deal signed a bill officially ending a lucrative tax break Delta Air Lines has enjoyed on jet fuel. North Carolina lawmakers also have the opportunity to end corporate welfare for American Airlines this year. The airline tax breaks in each state have followed a similar trajectory.

North Carolina and Georgia lawmakers first granted jet fuel tax breaks to Delta and U.S. Airways in 2005. At the time, breaks in both states passed as temporary measures intended to help the airlines as they struggled in part due to rising fuel prices.

A decade later, fuel prices have plummeted. Delta, American, and the rest of the airline industry are in a much different place. Delta made \$2.8 billion in profit in 2014, and American made \$4.2 billion in profit.¹ The North American airline industry overall anticipates profit of \$25 billion in 2015.²

Delta Air Lines' Tax Break in Georgia:	U.S. Airways' / American Airlines' Tax Break in North Carolina:
2005: Georgia lawmakers pass temporary tax break for Delta Air Lines, an exemption of 1 percent of the state sales tax.	2005: North Carolina lawmakers create a temporary handout for U.S. Airways, a \$2.5 million cap on sales tax paid on jet fuel, to expire on January 1, 2007. ⁶
2006 – 2012: Tax break extended three times ³	2006 – 2013: Tax break extended 5 times ⁷
2012: Tax break made permanent ⁴	2015: American Airlines' estimated \$15.5 million jet fuel tax break expires January 1, 2016. Lawmakers will decide this year whether to extend the tax break.
May 4, 2015: Bill ending Delta Air Lines' estimated \$25 million per year tax break on jet fuel signed by Governor Nathan Deal. ⁵	

North Carolina lawmakers can end corporate welfare for American Airlines while remaining competitive among hub airport states.

- Charlotte Douglas International Airport had the lowest cost per enplaned passenger of all large U.S. hub airports in 2014. This will not be affected if American Airlines' handout expires.
- North Carolina is one of only six states that only tax airlines on the fuel used within the state. This additional estimated \$27 million tax break from which all airlines currently benefit significantly lowers the effective jet fuel tax rate and will keep North Carolina competitive even if the American Airlines handout expires.

Endnotes

- 1 <http://hub.aa.com/en/nr/pressrelease/american-airlines-record-2014-profit-earnings>, <http://news.delta.com/2015-01-20-Delta-Air-Lines-Announces-December-Quarter-Results>
- 2 <http://www.iata.org/pressroom/pr/Pages/2014-12-10-01.aspx>
- 3 http://www.bizjournals.com/atlanta/blog/capitol_vision/2015/03/georgia-transportation-funding-bill-targets-delta.html?page=all
- 4 <http://www.politifact.com/georgia/statements/2015/mar/31/trebor-banstetter/delta-spokesman-mostly-correct-about-jet-fuel-tax/>
- 5 <http://www.legis.ga.gov/Legislation/en-US/display/20152016/HB/170>
- 6 <http://ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2005&BillID=H105>
- 7 <http://ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2005&BillID=S1741>, <http://ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2007&BillID=H2436>, <http://ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2009&BillID=S897>, <http://ncleg.net/Sessions/2011/Bills/House/PDF/H1025v4.pdf>, <http://ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2013&BillID=H998>