



# TaxNewsFlash

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### Trump proposes sunset of aviation excise taxes, part of air traffic control reforms

The Trump Administration proposes that certain federal aviation-related excise taxes would “sunset” as part of a plan to reform and “privatize” the air traffic control system—that is, a plan to move air traffic control operations into a new non-governmental entity.

President Trump’s proposal would make the air traffic control entity a self-sustaining function, financed through fees paid by the users of the national air space. A White House [release](#) states that these fees would be “...more efficient and less burdensome than the patchwork of aviation taxes that supports the system today.”

Under the administration’s proposal, the transfer of the air traffic control operations from the Federal Aviation Administration (FAA) to a new non-governmental entity would be completed over a three-year transition period (subject to attaining certain milestones). The new air traffic control entity would be financed through the collection of user fees that would cover both the costs of operations and recapitalization. Accordingly, federal aviation excise taxes that currently cover these costs would sunset—except for those taxes necessary to continue to fund the Airport Improvement Program. General fund revenues would fund the rest of the FAA, according to the administration.

#### Similar to budget proposal

The Trump Administration—as part of the fiscal year (FY) 2018 budget released in May 2017—proposed a similar air traffic control reform initiative.

In its FY 2018 budget, the administration proposed changes to the current regime of ticket tax and aviation passenger taxes, in an effort to provide a fee structure so that aviation users would pay the cost of services provided by the air navigation service

provider. The administration asserted the air traffic controller user fee would be a more efficient funding model than the current mix of excise taxes.

Read the administration's [fact sheet on the administration's air traffic control initiative](#) [PDF 62 KB] that was released along with the FY 2018 budget proposals.

## KPMG observation

Legislation would be needed to implement changes to the federal aviation excise tax structure.

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