

Homeland Security Department funding means fee on round-trip airline tickets.

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Feb. 8--The Bush administration plan to increase funding for the Homeland Security Department means that passengers would pay up to \$16 more for a round-trip airline ticket -- fees, the nation's airlines argued, would inflict more pain on an already ailing industry.

The plan would raise an additional \$1.5 billion for passenger screening at airports, according to the president's budget proposal released Monday.

The administration proposes raising the fee on a one-way ticket anywhere from \$2.50 to \$5.50 for each leg of a flight, to a maximum \$8. The maximum fee for a round trip would rise from \$10 to \$16.

Total security fees would grow from \$2.6 billion to \$4.1 billion in 2006, according to administration estimates. The increase would cover nearly the full cost of Federal aviation screening.

But the airline industry, which has major carriers such as United Airlines and US Airways under the protection of bankruptcy courts, argued that raising the security tax will force them to raise ticket prices or absorb the cost. Neither is an attractive option for an industry reeling from increased competition from discount carriers and record fuel prices.

"A tax on travelers is a tax on airlines," James May, president and chief executive of the Air Transport Association, said in a statement Monday. "Any new tax or fee raises ticket prices and the cost of airlines doing business.

"Under this budget proposal, U.S. airlines appear to be the only business in America that the administration has chosen to tax back to economic health," he said.

The fee, he warned, will "jeopardize airline jobs as well as local air service to small- and medium-size communities."

It is unfair to ask airlines and their travelers to bear the cost of airport security, said Edward Wytkind, president of the AFL-CIO's Transportation Trades Department.

"Securing our airline industry and protecting the traveling public are national security responsibilities, and these homeland security costs should be borne by our government," he said.

The security fee was initiated by the push for more screening after the Sept. 11 terrorist attacks. It was suspended for a time in 2003, but was reinstated in October of that year.

The tax burden on airline tickets has been growing, said Frank Berardino, president of GRA Inc., a Pennsylvania-based consulting firm for the airline industry.

"In 1990, federal user taxes were equivalent to 6 percent of airline revenues," he said. "Now they're over 15 percent. It's difficult for any industry to have their costs increase that magnitude, especially an industry that's under such severe difficulties."

While it's likely that the security tax won't force many travelers to stay home, there will be an impact on the bottom lines of carriers, said Clint Oster, an aviation expert at Indiana University.

"When fares goes up because of taxes or other ancillary fees, it will have a negative impact on traffic," he said.

Equally frustrating for the industry is that they don't decide how the airport screening money is spent, Oster said.

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influence over how it's spent," he said. "That's a real concern for them."

A study last year by professors at Daniel Webster College and the Massachusetts Institute of Technology determined that the average airline ticket tax was about 16 percent of the ticket price in 2002. Since then, it has grown to nearly 17 percent, said Joakim Karlsson, an aviation professor at Daniel Webster College in Nashua, N.H.

The tax has increased as a percentage of the overall ticket price largely because airline fares continue to drop, Karlsson said.

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