

THE AIRLINE INDUSTRY AND ITS ECONOMIC IMPACT ON GEORGIA

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IMPACT OF AIRLINE INDUSTRY TO GEORGIA

- Airline industry generates more than 450,000 jobs for Georgia and over \$60 billion in business revenues.
 - Hartsfield-Jackson Atlanta International Airport (HJAIA) is largest employer in Georgia with 58,000 direct employees.
 - Delta Air Lines largest private employer in the state of Georgia with just over 32,000.
 - State and local tax revenues resulting from operations at HJAIA totaled approximately \$1.7 billion in 2009
- Atlanta airport master plan (\$5.8B) completed and projects underway include:
 - New consolidated rental car facility (\$642 million)
 - Ongoing improvements to Central Passenger Terminal Complex (\$58 M)
 - New international terminal (under construction, \$1.2 billion)

DELTA OPERATIONS AT HJAIA

- Delta has created largest airline hub in the world at ATL.
- Of the airport total passengers (88 million), Delta carried over 66 million (approximately one-third of the 160 million we serve worldwide).
- Delta serves 351 destinations, 213 are from ATL with over 1,000 daily departures.

FACTORS FOR FUTURE GROWTH

- State/local taxes are important.
 - Tax structure in Georgia is an important factor for growth and has assisted Delta in its building of the largest airline hub in the world.
- Potential for additional growth in Georgia and ATL.
 - Increased destinations and seat capacity
 - Addition of new international markets
- Important for Georgia to stay competitive with other airline hub states.

KEY TAX ISSUES IN HUB STATES

- Consumption taxes are key – airlines pay these taxes regardless of profitability.
- Major tax issues used to compare the competitiveness of hubs:
 - Rate of taxation of jet fuel
 - Level of property tax on aircraft and equipment
 - Existence of key sales tax exemptions
- Important that Georgia stay competitive with airline tax structure in other hub states.

HUBS COMPETING WITH GEORGIA

- Cost of jet fuel is airlines' second largest expense (second to payroll).
- State level of taxation varies:
 - GA – 4% state; 3% local (1.8% exemption for state)
 - KY – tax liability capped at \$1 million per year
 - MN - .005 cents per gallon excise tax (for purchases in excess of 250,000 gallons per year)
 - NC – tax liability capped at \$2.5 million per year
 - NY - .065 cents per gallon excise tax - only for fuel burned in New York
 - **TN – does not tax jet fuel**
 - **TX – does not tax jet fuel**