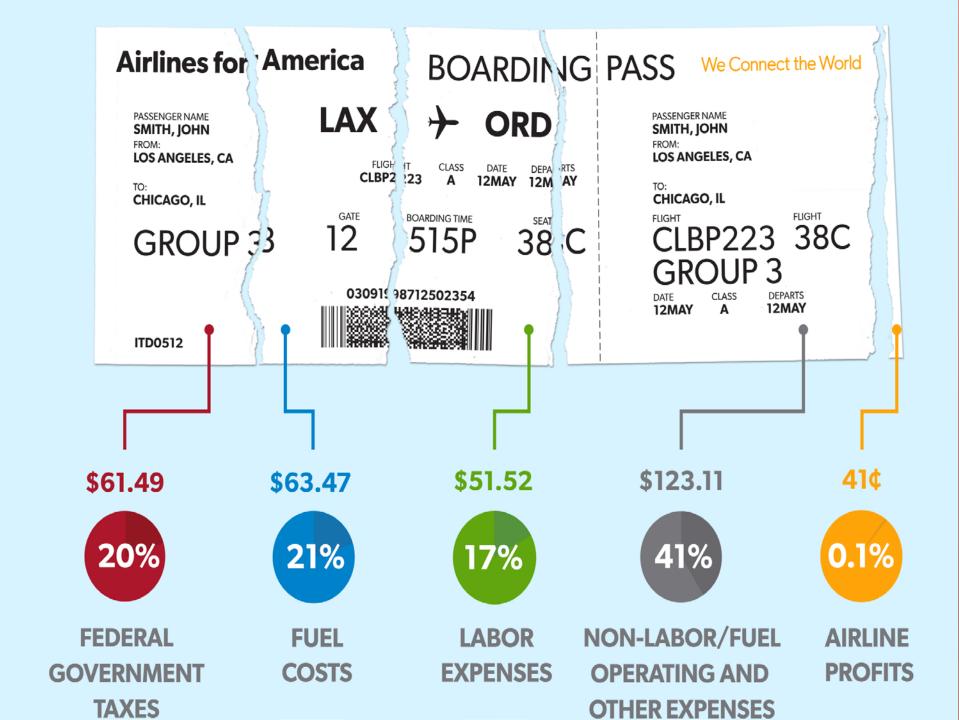
"If it moves, tax it. If it keeps moving, regulate it. If it stops moving, subsidize it." President Ronald Reagan.



## **COSTS** — Why do airlines have difficulty covering their Fully Allocated Costs?

## Governments tax airlines unmercifully.

## Oh, the Fees You'll Pay . . .

Here are two sample air tickets with taxes, fees and surcharges broken out.

	Boston-San Diego on American	Chicago-Frankfurt on Lufthansa
Base fare	\$593.49	\$1,191.00
U.S. federal tax	58.51	30.80
Security fees	10.00	12.67
Airport charges	18.00	36.68
Fuel surcharge	NA	200.00
Customs, immigration and agriculture inspection fees	NA	17.50
Total taxes and fees	86.51	297.65
Total ticket cost	680.00	1,488.65
Source: the airlines. NA=not applicable		

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Source: The Wall Street Journal

	Sample Round-Trip It Chicago O'Hare (ORD)
	Base Airline Fare
	: Federal Ticket (Excise)
Taxes	: Passenger Facility Char
	: Federal Flight Segment
	: Federal Security Surch
	: Passenger Facility Char
	: Federal Flight Segment
	: Federal Security Surch
	: Passenger Facility Char
	: Federal Flight Segment
	: Federal Security Surch
	: Passenger Facility Char
	: Federal Flight Segment
	: Federal Security Surch
	Total Taxes
4	Total Ticket (Fare + Tax
	Taxes as % of Fare
	Taxes as % of Ticket

Sample Round-Trip Itinerary: Peoria (PIA) - Raleigh/Durham (RDU) via Chicago O'Hare (ORD)		
Base Airline Fare	\$238.51	
: Federal Ticket (Excise) Tax (7.5%)	17.89	
: Passenger Facility Charge (PIA)	4.50	
: Federal Flight Segment Tax (PIA-ORD)	3.90	
: Federal Security Surcharge (PIA-ORD)	2.50	
: Passenger Facility Charge (ORD)	4.50	
: Federal Flight Segment Tax (ORD-RDU)	3.90	
: Federal Security Surcharge (ORD-RDU)	2.50	
: Passenger Facility Charge (RDU)	4.50	
: Federal Flight Segment Tax (RDU-ORD)	3.90	
: Federal Security Surcharge (RDU-ORD)	2.50	
: Passenger Facility Charge (ORD)	4.50	
: Federal Flight Segment Tax (ORD-PIA)	3.90	
: Federal Security Surcharge (ORD-PIA)	2.50	
Total Taxes	61.49	
Total Ticket (Fare + Taxes)	\$300.00	
Taxes as % of Fare	25.8%	

20.5%