

# Business Travel Update

A business travel newsletter provided by Professional Travel

## **IATA issues 'last call' for paper tickets**

IATA yesterday announced a "last call" for paper tickets, placing its "final order" for approximately 16.5 million paper tickets to supply 60,000 accredited travel agents in 162 markets until May 31, 2008. The following day, 100% of tickets issued through the IATA Billing and Settlement Plan will be electronic. IATA DG and CEO Giovanni Bisignani said that e-tickets now account for 84% of the global total, three years and two months since the organization issued its 100% directive. It expects the switch to e-ticketing to save the industry \$3 billion per year.

Source: ATW 8-28-07

## **Midwest Chooses TPG's Enhanced Buyout Bid**

Midwest Airlines and private equity firm TPG, backed in part by Northwest Airlines, today announced a definitive merger agreement, choosing TPG's upped bid of \$17 per share over AirTran's most recent \$16.25 per share offer. The companies expect the transaction to close in the fourth quarter this year. "The agreement with TPG came at the conclusion of a process in which TPG and AirTran were each asked to submit a 'best and final' offer by noon central time on August 16, 2007. At that time, TPG submitted its \$17.00 per share proposal," Midwest said in a statement today. Midwest Airlines' board earlier this week said it unanimously agreed to proceed with a cash offer from the private equity firm TPG Capital over AirTran's last proposal—then at \$15.75 per share in cash and stock.

[\(Full Story\)](#) Source: BTNOnline 8-17-07

## **AirTran Links Las Vegas To 6 Small US Cities**

AirTran has launched Las Vegas service to six small cities: Rochester, N.Y.; Dayton, Ohio; Akron/Canton, Ohio; Moline/Quad Cities, Ill.; Bloomington/Normal, Ill.; and Flint, Mich. Also, AirTran will launch daily service between Boston and West Palm Beach, Fla., on Nov. 15.

Source: Business Travel Executive 8-23-07

## **Air China Launches Beijing-Shanghai Express Service**

Air China has introduced Air Express, a service for passengers flying between Beijing and Shanghai. Air China operates 20 daily flights, including seven code-sharing flights, between the cities. The airline has designated check-in counters, baggage service, security inspection and boarding channels for Air Express. Source: Business Travel Executive 8-23-07

## **America West and US Airways**

Next month, on the second anniversary of the merger between US Airways and America West Airlines, US Airways expects to receive a single operating certificate from the Federal Aviation Administration, removing the last regulatory hurdle separating the former carriers. What remains to be done, though, is a complete cultural and physical integration of unionized employees — a task that US Airways Chief Executive Officer Doug Parker acknowledged from the start would be his No. 1 challenge, requiring "a lot of work and communication and candor."

[\(Full Story\)](#) Source: ATW 8-28-07

## **Doubletree Opens In San Diego**

The Doubletree Hotel San Diego Downtown has opened, situated on a hillside in Little Italy, overlooking the downtown San Diego skyline. The 333-room hotel was formerly a Radisson, converting to a Doubletree after an \$11 million renovation project. Source: Business Travel Executive 8-23-07

## **Delta taps industry veteran Richard Anderson to succeed Grinstein**

Delta Air Lines ended its long search for a CEO yesterday, naming current DL board member and former Northwest Airlines CEO Richard Anderson to succeed Gerald Grinstein, who had said he would retire after Delta emerged from bankruptcy. CFO Edward Bastian, who also had been considered a contender for Grinstein's position, was named president and retained the CFO title as well. Anderson officially takes over Sept. 1. "I have known Richard for a long time. He is a ferocious competitor, thoroughly knowledgeable about airline operations, and understands the link between passenger satisfaction and living up to our service commitments," Grinstein stated.

[\(Full Story\)](#) Source: ATW 8-22-07

## **House Leader Wants TSA To Screen Airline Cargo**

The chairman of the House Aviation subcommittee says it's "unacceptable" if the Transportation Security Administration (TSA) doesn't meet minimum airline cargo screening rules included in recently passed legislation. "I believe that the Congress' intent was clear, that cargo loaded onto passenger planes must be screened as passenger luggage is, by either a manual inspection or X-ray," Rep. Jerry Costello (D-Ill.) said in a written statement Aug. 27.

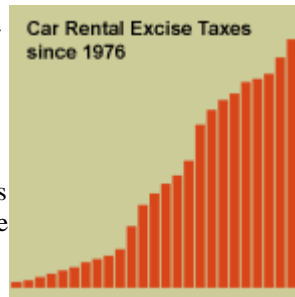
[\(Full Story\)](#) Source: Aviation Week 8-29-07

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## Explosion of Car Rental Excise Taxes

NBTA has joined a diverse, broad-based group that has never worked together before. Representing the views of local consumers and businesses, the car rental industry, tourists, and tax experts, we all share a common concern: the dangers of an increasing reliance on car rental excise taxes. Why do we care? Because car rental excise taxes are bad for consumers and businesses - and the communities in which they reside. So, we have decided to speak up on behalf of the millions of car renters who, today, have no voice.



## Discriminatory Taxes

A well-designed tax system doesn't single out customers of just one industry. Budget deficits. A performing arts center. A police and fire station. Highway construction projects. Even a sewage treatment plant. What do all of these projects have in common? All have been, or are proposed to be, financed by excise taxes on rental cars, which represent less than 1% of all registered vehicles nationwide. Since 1976, more than 95 car rental excise taxes have been enacted, with dozens more under discussion throughout the country. Car renters specifically have been asked to cover the costs of 18 stadium and sports venue projects, with at least 17 more under consideration. Even more telling, car rental excise taxes have cost consumers and businesses well over \$5.9 billion since 1990. Yet, there is no special benefit for car rental customers, nor is there a direct connection between renting a car and using these public facilities or programs. Many legislators across the country are forcing car rental customers to fund an array of unrelated projects and to carry a disproportionate share of the financing burden. Such arbitrary taxation is blatantly unfair not only to out-of-towners, but also to local consumers and businesses. It also violates what economists call the "benefit principle," which holds that tax burdens should be assigned according to the benefits that taxpayers receive. As a result, federal legislation is needed to prohibit discriminatory car rental excise taxes - and to protect the rights of consumers and businesses, whether they rent cars out of state or in their own hometown.

## Bad Tax Policy

Most car rental excise taxes fail to satisfy basic, widely agreed-upon principles of sound public finance. According to the Tax Foundation, a non-partisan educational organization, car rental excise taxes represent a predatory approach to tax

policy and are impossible to defend.

## For example:

**Unreliable:** By targeting such a narrow base of consumers and businesses, a car rental tax revenue stream is more vulnerable to economic cycles and, thus, is inherently less predictable.

**Regressive:** Car rental excise taxes hit hardest those who can least afford it.

**Retaliatory:** Jurisdictions are now exploiting a "me too" strategy, pitting cities and counties against one another. For instance, car rental excise taxes recently became a pawn in a head-to-head competition between San Antonio and Miami-Dade County involving the Florida Marlins baseball franchise. In addition, nationally recognized tax economists William Gale and Kim Rueben have conducted a detailed assessment of car rental taxes in Kansas City, Mo. Their study documents the unintended consequences of Kansas City's whopping \$4 per-day car rental excise tax: customers are renting fewer cars and the state of Missouri is losing sales tax revenue as some renters take their business across the state line into Kansas. Clearly, stacked against well-established tax policy tenets - including those laid out by the National Council of State Legislatures - car rental excise taxes receive a failing grade.

## Interstate Commerce

The United States Constitution specifically grants Congress the power to regulate commercial activity among the 50 states. This grant of authority has been interpreted to mean that state laws may not discriminate against interstate commerce. Individual states - which collectively comprise one economic union - may not create tax policies that discriminate against out-of-state consumers and businesses involved in interstate commercial activities. Historically, Congress has prohibited unfair practices by state and local governments that unreasonably burden or discriminate against interstate commerce and transportation. Examples include the Airport and Airways Improvement Act (1978), "4 R" Act (1976), Motor Carrier Act (1980), and Bus Regulatory Reform Act (1982). Meanwhile, cash-strapped municipal, county, and state governments continue to look hard for revenue sources to fund worthwhile civic projects. However, when state and local lawmakers - even under the guise of "states' rights" - enact car rental excise taxes as a politically expedient means of shifting the tax burden to out-of-state renters, they interfere with the well-established principles of interstate commerce.

Source: NBTA August 2007

**Professional Travel's Business Travel News-** is published monthly. The information is gathered from current articles and news worthy information regarding the travel industry. If you have any questions please call us at 1-800-247-0060.