



NEWS

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Trouble With Deficits? Consider Our Servant Boeing.

Air Force proposal to lease Boeing refueling tanker – instead of buying them outright – will cost taxpayers \$5 billion, according to Congressional Budget Office (CBO).

WASHINGTON – The U.S. Air Force wants to lease 100 KC 767-A refueling tankers from aerospace icon Boeing Corporation. The Senate Armed Services Committee has scheduled hearings for September 3rd 2003 and a vote. But the huge contract has some critics asking: Do taxpayers get more for lease?

According to the Congressional Budget Office (CBO), the answer is no. In a letter to Sen. Don Nickles (R-Okla.), CBO director Douglas Holz-Eakin said that the leasing scheme “ would cost \$1.3 billion to \$2 billion more in present-value terms, or 10 percent to 15 percent more than an outright purchase” of the tankers.

Under the lease, the Air Force would have 100 air-to-air refueling tankers – which are converted Boeing 767 passenger and cargo aircraft – by 2009, faster than if the aircraft were traditionally procured through purchasing contracts. But with faster comes a pricetag, and that pricetag is now seen as \$2 billion, in a federal government that is hemorrhaging deficits.

“The Boeing deal is a serious purchase for the Defense Department with a serious pricetag for American taxpayers,” said taxpayer advocate Grover Norquist, who heads Americans for Tax Reform (ATR) in Washington, DC. **“The difference between purchasing and leasing in this matter is an amount of cash more than all the foreign aid given to Afghanistan by all countries in 2002,”** he continued.

Rather than going through the usual Defense Appropriations process, where most defense and national security spending is determined, the Boeing tanker deal is part of a bill separate from the traditional spending process. This has led some critics and opponents of the deal to question the integrity of the process itself.

“Two billion dollars are at stake,” continued Norquist, **“which could be returned to taxpayers or used to lessen the deficit. Taxpayers who care about national security do not quarrel with the needs of the Air Force but, as we all know, the DOD like any government bureaucracy is quite capable of wasting money and the benefits of this deal should surely be weighed against its costs and alternatives,”** he concluded.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.