

In The News

David Blum Quoted in *Bloomberg Tax* on American Airlines' Texas Franchise Tax Case

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Tax Practice Group Co-Chair David Blum was quoted in *Bloomberg Tax* discussing the implications of *American Airlines Inc. v. Texas Comptroller of Public Accounts*, a case that could test the reach of the federal Anti-Head Tax Act.

The article examines American Airlines' challenge to Texas' franchise tax, which the airline contends is preempted by the federal law prohibiting state and local taxes on gross receipts from air transportation. The case, now before the Texas Court of Appeals, may influence how states structure taxes impacting air carriers and related industries.

Commenting on the issue, David noted that “courts have consistently held that it doesn’t matter what the tax is called, only what it does,” referencing the U.S. Supreme Court’s 1983 *Aloha Airlines* decision. He added that the court’s eventual ruling could take on new significance as emerging air technologies—such as air taxis and delivery drones—enter interstate commerce and encounter evolving tax regimes.

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