January 4, 2017

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Charles Schumer
Democratic Leader
U.S. Senate
Washington, DC 20510

The Honorable John Thune
Chairman
Committee on Commerce, Science, and Transportation
U.S. Senate
Washington, DC 20510

The Honorable Bill Nelson
Ranking Member
Committee on Commerce, Science, and Transportation
U.S. Senate
Washington, DC 20510

Dear Leader McConnell, Leader Schumer, Chairman Thune, and Ranking Member Nelson:

As Congress and the incoming administration consider moving forward with a multimodal infrastructure proposal, we urge you to eliminate the outdated federal cap on local airport fees. This fiscally responsible and straightforward adjustment would strengthen our nation's aviation infrastructure and improve the passenger experience for millions of air travelers.

America's airports are powerful economic engines in their communities, generating more than $1.1 trillion in annual activity and supporting more than 9.6 million jobs. Passenger traffic through airport facilities was at an all-time high in 2016. Unfortunately, our antiquated aviation infrastructure cannot keep pace with this overwhelming demand, and many airports around the country are overcrowded and cramped.

Congress can help airports meet the aviation infrastructure needs of today and challenges of tomorrow by eliminating the outdated federal cap on local Passenger Facility Charges (PFC). At virtually no cost to the federal government, eliminating the federal cap on the PFC would restore the PFC's lost purchasing power and provide airports with the ability to set their own user fees based on locally-determined needs to ensure the continued safety, security, and improvement of their facilities.

Airports have tremendous unmet needs. Airports of all sizes need over $15 billion annually in infrastructure improvements to renovate aging runways and terminals, relieve congestion and delays, improve safety and security, and spur new airline competition – far more than the approximately $6 billion they receive each year from the combination of local PFCs and federal grants through the Airport Improvement Program (AIP). Airports simply were not designed to accommodate the record number of passengers we see today, and in an ever-evolving threat environment upgrading our aging aviation infrastructure can enhance security, improve passenger flow, and optimize queue management.

Unfortunately, airports lack stable, predictable funding sources that keep pace with rising construction costs and inflation for these intensive capital projects. The PFC cap – last adjusted in 2000 – has seen its purchasing power has eroded by 50 percent. And federal airport grants have been stagnant in recent years. Moreover, many airports – even those with sterling credit ratings – have reached their debt capacity and either cannot finance new projects or have had to phase in their projects over a longer timeframe, increasing the costs and delaying the benefits for passengers. Although AIP remains an important funding source for airports, the program has experienced reduced and stagnant funding over the last decade.

Fortunately, we can rebuild America's airports without raising taxes or through deficit spending by eliminating the federal cap on the PFC. It is time to get Washington out of the way of local airport investment decisions. By eliminating the anti-competitive federal cap on local PFCs airports can become more financially self-sufficient.

PFCs are not taxes – they are local user fees that are determined locally and used locally to improve the passenger experience and spur airline competition. Not one dollar of PFC revenue flows to the federal treasury. Instead, PFCs go directly to fund local airport projects approved by the Federal Aviation Administration with input from airlines and local communities.

At a time of mounting pressure to reduce federal spending, eliminating the federal government's PFC cap is the most free-market option for providing airports with the locally controlled self-help they need to finance vital infrastructure projects. It would allow airports of all sizes to reduce costs and start building essential infrastructure projects more quickly.

In addition, new investments in airports can be valuable tools in helping local communities attract new air carriers, which increases competition and can lead to lower airfares for passengers. Airports – many of which are tapped out on their ability to bond in a financially responsible manner – need additional resources to build the terminals, gates, and ramps necessary to attract new air carriers and entice existing ones to expand service.

The traveling public gets more choices and lower airfares when airports can build the facilities that provide more airline options and more service alternatives. One study estimates that passenger fares are $4.4 billion higher annually due to the lack of available gate space at airport terminals. Eliminating the federal cap on local PFCs would provide airports with the funds necessary to build the appropriate amount of space needed to attract new competition and update aging facilities.

Thank you for your consideration of this request. Along with our coalition partners – including contractors, vendors, retail establishments, restaurants, hotels, businesses, tourism groups, municipalities, and state officials – the airport community stands ready and united to work with you to achieve a forward-looking national infrastructure plan that benefits passengers and strengthens our nation's aviation system. We all have a vested interest in ensuring that airports remain not only gateways to our country and the rest of the world but also strong economic engines and job centers for their local communities.

Sincerely,

Kevin M. Burke
President and CEO
Airports Council International – North America

Todd Hauptli
President and CEO
American Association of Airport Executives