



January 6, 2015

The Honorable John Thune
Chairman
Commerce, Science & Transportation Committee
U.S. Senate
254 Russell Senate Office Building
Washington, DC 20510

The Honorable Kelly Ayotte
Chairman, Subcommittee
Aviation Operations, Safety & Security
U.S. Senate
560 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Bill Nelson
Ranking Member
Commerce, Science & Transportation Committee
U.S. Senate
254 Russell Senate Office Building
Washington, DC 20510

The Honorable Maria Cantwell
Ranking Member, Subcommittee
Aviation Operations, Safety & Security
U.S. Senate
427 Hart Senate Office Building
Washington, DC 20510

Dear Chairmen Thune and Ayotte and Ranking Members Nelson and Cantwell:

On behalf of Airports Council International – North America (ACI-NA), the American Association of Airport Executives (AAAE), and the U.S. Travel Association – along with a diverse group of industries and organizations that are part of our Beyond the Runway Coalition – we are writing in strong support of efforts to modernize our nation’s aviation system this year through legislation reauthorizing the programs of the Federal Aviation Administration (FAA).

We firmly believe that both modernizing the Passenger Facility Charge (PFC) and maintaining the Airport Improvement Program (AIP) are the best options for strengthening our nation’s aviation system to meet the needs of today and the challenges of tomorrow. America’s airports are powerful economic engines, generating more than \$1.1 trillion in annual activity and supporting more than 9.6 million jobs. However, airports require approximately \$15.14 billion annually in infrastructure improvements to update aging facilities, relieve delays and congestion, promote safety and security, enhance the passenger experience, as well as spur airline competition to provide consumers with more choices and affordable options. This is far more than the \$6.2 billion that airports received from both PFCs and AIP in Fiscal Year 2014.

We urge Congress to modernize the locally-established PFC user fee by setting the federal cap at \$8.50 and indexing it to inflation. At a time when there is mounting pressure to reduce federal spending, modernizing the PFC cap is the most free-market option to provide airports with the

locally controlled self-help they need to finance critical infrastructure projects. It is important to note that since this is a locally-determined fee collected at the point of sale, PFC user fees do not affect federal expenditures.

In 1990, Congress created the PFC to help airports of all sizes meet their capital needs directly and through the issuance of bonds. Unfortunately, the PFC cap has not kept pace with rising construction costs and inflation since it was last adjusted to \$4.50 in 2000, and its purchasing power has eroded by approximately 50 percent in the intervening 15 years. As a result, many airports – even those with sterling credit ratings – have reached their debt capacity under a \$4.50 PFC 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.

Modernizing the PFC now by adjusting the cap to \$8.50 and indexing it for inflation would restore its purchasing power, providing airports with the ability to set their own levels based on locally-determined needs to ensure the continued safety, security, and modernization of their facilities.

We also urge Congress to protect AIP, which finances crucial safety, security, and capacity projects at airports of all sizes. Small airports, in particular, rely on AIP to fund important projects at their facilities, such as constructing and repairing runways, taxiways, and other airfield projects. Larger airports depend on AIP funding too – predominantly discretionary funds and money distributed through the Letter of Intent Program – to help pay for large, capacity-enhancing projects that benefit the national aviation system. Federal funding for airport-infrastructure projects through AIP is particularly important at a time when airports are artificially constrained from generating more local revenue from their PFC. It is also important to note that the program is supported entirely by users of the aviation system, so no general fund revenues are used for AIP grants.

The FAA estimates there will be \$33.5 billion in AIP-eligible projects ready for construction between 2015 and 2019 – approximately \$6.7 billion per year, which is twice the \$3.35 billion that Congress approved for AIP funds in Fiscal Year 2015. Since direct federal funding through AIP covers only a fraction of the total infrastructure projects required to upgrade and maintain our world-class aviation system, we firmly believe that our nation’s airport-financing needs will only be met by both maintaining the AIP and modernizing the PFC.

Thank you for your consideration of these requests. 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 FAA reauthorization bill 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
ACI-NA



Todd Hauptli
President and CEO
AAAE



Roger Dow
President and CEO
U.S. Travel