Airlines for America®
We Connect the World

March 4, 2015

The Honorable John Thune
Chairman, Committee on Commerce,
Science and Transportation
United States Senate
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Bill Nelson
Ranking Member, Committee on Commerce,
Science and Transportation
United States Senate
716 Hart Senate Office Building
Washington, DC 20510

The Honorable Kelly Ayotte
Chairwoman, Subcommittee on
Aviation Operations, Safety and Security
United States Senate
144 Russell Senate Office Building
Washington, DC 20510

The Honorable Maria Cantwell
Ranking Member, Subcommittee on
Aviation Operations, Safety and Security
United States Senate
311 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Thune, Chairwoman Ayotte, and Ranking Members Nelson and Cantwell:

As you know, Congress is considering and debating reauthorization of the Federal Aviation Administration (FAA). One of the core components of this legislation is funding for capital improvements at our nation's airports. Airlines would like to have an active role in that discussion. As an industry, we strongly support necessary investments in airports across the country.

Airlines and airports have a history of partnering on significant improvements. Since 2008, over $70 billion of capital projects have been completed, are underway or approved at the nation's largest 30 airports alone, and development is robust at smaller airports across the country as well. This funding enabled new runways and terminals, better facilities and more amenities for passengers as part of an improved travel experience. For example, runway projects have been completed at Ft. Lauderdale, Chicago O'Hare, Dayton, Erie, Sioux Falls, Seattle and Charlotte. A small sample of new and renovated terminals includes those at Miami, Los Angeles, Atlanta, Greenville-Spartanburg, Reno and Wichita. All of this investment has occurred without any new taxes.

Unfortunately, many of our airport partners are advocating for a historic tax hike on the traveling public through a nearly 90 percent increase in the Passenger Facility Charge (PFC) airport tax. This is simply not necessary, as significant airline investments combined with airports' resources and funding streams provide airports with the funds for improvement projects needed today and in the future.

Airports across our country are in a very strong financial position and already receive billions of dollars from passengers and the government alike. In 2013, U.S. airports collected a record $24.5 billion in revenue – a 52 percent increase on a per passenger basis from 2000 – including $10 billion in airline rents and fees, $2.8 billion from existing PFCs, $8.2 billion in non-airline revenues (restaurants and stores, rental car companies etc.) and $3.4 billion from the FAA's Airport Improvement Program (AIP).

According to their own financial reports filed with the FAA, U.S. airports have more than $11.4 billion of unrestricted cash and investments on hand, or approximately 357 days of liquidity. If airports need more money, they can easily utilize the bond market to raise revenue. With investment-grade credit ratings, airports can obtain inexpensive financing, which is a much better alternative than increasing taxes on passengers.

Unlike the Highway Trust Fund, the Airport and Airway Trust Fund is at its highest level since 2001, with an uncommitted balance of $6 billion, leaving the AIP program stable and secure to provide ample funding for airport projects. FAA also estimates 2014 PFC revenue at $2.9 billion, rebounding to the all-time high set in 2006. This is at a time when the current activity levels at U.S. airports still remain below the peak set in 2007 – airline operations and passengers for the most recent 12 months are down 16 percent and 2 percent respectively as compared to 2007 levels.

Air travelers are already overburdened with government-imposed taxes and fees. The U.S. aviation industry and its customers already pay $20 billion in 17 unique taxes and fees imposed by the federal government. Federal taxes and fees account for $63 on a typical domestic round-trip ticket of $300 – approximately 21 percent of the total cost going to taxes and fees – putting air travel in the same tax bracket as "so-called" sin products, which are taxed to discourage use.

Like you, we support investment in our nation's transportation infrastructure but there is certainly no funding crisis facing airports. Airlines and their passengers have as much to gain from infrastructure improvements as airports do, and we are committed to continuing to be part of this critical investment. Airport funding is plentiful, so it simply is not necessary to increase yet another tax on passengers.

Sincerely,

Brad Tilden
Chairman, President and CEO
Alaska Airlines, Inc.

Douglas Parker
Chairman and CEO
American Airlines, Inc.

Richard Anderson
CEO
Delta Air Lines, Inc

Mark B. Dunkerley
President and CEO
Hawaiian Airlines, Inc.

Robin Hayes
President and CEO
JetBlue Airways Corporation

Gary Kelly
Chairman, President and CEO
Southwest Airlines Co.

Jeffery Smisek
Chairman, President
and CEO
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Nicholas E. Calio
President and CEO
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