Airlines for America™
We Connect the World

Feb. 22, 2018

The Honorable Elaine Chao
Secretary
Department of Transportation
1200 New Jersey Ave., SE
Washington, DC 20590

Dear Secretary Chao:

Congress is in the process of completing the FY2018 appropriations bills, considering a long-term Federal Aviation Administration (FAA) authorization bill and initiating the Administration's historic infrastructure plan. While you consider the Department's position on these three pieces of legislation, we strongly urge you to oppose raising the Passenger Facility Charge (PFC) tax on the flying public.

While the congressional committees of jurisdiction, the Senate Commerce Committee and the House Transportation and Infrastructure Committee, did not increase the PFC tax, the Senate Transportation, Housing and Urban Development (THUD) Subcommittee nearly doubled this tax, which is neither justified nor needed to accomplish our shared goal of improving the nation's airport infrastructure for our customers.

Airlines and airports have a history of partnering on significant capital improvements throughout the nation's airport system. Since 2008, over $100 billion of airport improvement 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 such as Dayton, Erie, and Sioux Falls.

This funding enabled new runways and terminals, better facilities, and more amenities for customers as part of an improved travel experience that we strongly support and financially back. Airport improvement projects are the result of negotiations between airport and airline partners for projects that stakeholders agree have merit. These negotiations occur without government interference or taxation, and will continue as we enhance the travel experience for our customers.

Nevertheless, airports across our country receive billions of dollars from customers and the government alike, giving the airport community access to multiple different sources of revenue.

For instance, in 2016, U.S. airports:

- Collected a record high $11.4 billion in airline rents and fees, $3.2 billion from existing PFCs, $9.7 billion in non-airline revenues (restaurants and stores, rental car companies, etc.) and $3.4 billion from the Airport Improvement Program (AIP);
- had more than $14.2 billion of unrestricted cash and investments on hand, or approximately 389 days of liquidity; and
- had investment-grade credit ratings allowing airports to obtain inexpensive bond financing.

Aviation infrastructure funding is not only solvent, but we have nearly $6 billion in unobligated funding in the Airport and Airway Trust Fund that could be utilized for airport infrastructure. In addition, under current federal rules, airports have diverted over $9 billion to off-airport projects. These rules should be changed to ensure that all airport revenues are used for airport infrastructure.

Aviation is already overburdened with 17 unique taxes and fees imposed by the federal government totaling more than $24 billion. Federal taxes and fees account for approximately 21 percent of the total cost of a round-trip ticket – putting air travel in the same tax bracket as so-called "sin products," which are taxed to discourage use. Following the Administration's historic tax reform package that reduced the tax burden on all Americans to stimulate the economy, we believe that air travel should not be treated differently.

Airlines are committed to making capital improvements in infrastructure alongside our well-funded airport partners. As you lend your voice to the funding debate, we respectfully ask for your commitment to solutions that do not involve unnecessary tax increases on the traveling public.

Regards,

Brad Tilden
Chairman and CEO
Alaska Airlines, Inc.

Douglas Parker
Chairman and CEO
American Airlines, Inc.

Mark Dunkerley
President and CEO
Hawaiian Airlines, Inc.

Robin Hayes
President and CEO
JetBlue Airways Corporation

Gary Kelly
Chairman and CEO
Southwest Airlines Co.

Oscar Munoz
CEO
United Airlines, Inc.

cc: Senate Majority Leader Mitch McConnell
House Speaker Paul Ryan