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TO: Members of the Senate Commerce Committee

SUBJECT: CONSUMERS WANT NO NEW AIRPORT TAXES AND FEES

- **No increases in taxes and fees should be included in the FAA Bill**
- **Government taxes and fees charged airline passengers are extraordinary high**
- **Localities enjoying the benefits of airports should pay their fair share**

Airline passengers are being unfairly singled out for an undue tax burden — TSA security fees have increased and the immigration and agriculture inspection fees have gone up. These fees single out aviation consumers — those taking other modes of transportation don't pay security fees, and those arriving across the border by car, train or bus don't pay inspection fees.

Consumers are paying more than enough. Localities have a responsibility to pay for infrastructure that supports their community, real estate investments and businesses. Airport costs should not be borne solely by airline passengers.

Taxes on passengers are already extraordinary.

Today, passengers are paying \$45.20 even *before* they have to pay the 7.5 percent transportation excise tax that is included in the airfare.

For a family of four spending \$200 apiece on airfare, that means an excise tax of \$60 plus \$45.20 — a total of \$105.20 in taxes. By the time the taxes are figured into the cost of travel, the effective tax rate is 21 percent on average.

PFC and other airline fee math adds up to big consumer costs.

The current passenger facility charge is \$4.50 per boarding; however, the airports and the administration are asking that this fee be increased to \$8 per boarding or more. For a family of four this fee increase, should it become part of the FAA bill, together with other government-imposed aviation fees add up to \$232.80 before a penny goes to airfare.

Do not approve an increase in PFCs or other fees.

When mandatory taxes and fees are increased by more than 75 percent in one fell swoop, legislators need to take a second look.

The first tax- and fee-payer reaction is, "Enough is enough!" But, the public citizen in us realizes that airports don't function without investments and that many economic benefits flow to cities

and towns because of a well-functioning aviation network. So, Travelers United took a deeper look at whether the airports really needed this money.

Airports benefit the community — localities should pay their fair share. They don't.

Another consideration is the benefit that an efficient and busy airport brings to a community. Everyone benefits from new airport construction. But only the passengers are paying.

Although airports are financed with municipal bonds, the bonds are paid for in a large part by using passenger facility charge incomes. The April 2015 GAO study titled *Information on Funding Sources and Planned Capital Development* states that airports plan to spend 74 percent of their PFC revenues on debt service.

In other words, even supposed local bonds are paid for using passenger funds. That is simply not fair to the flying public. The localities that are enjoying the economic spillover from successful airports should be forking over their fair share.

Airports and localities have plenty of access to funding.

For all of the weeping and wailing about the need for more taxes, Travelers United found an airport financial ecosystem flush with cash. Unlike our highway systems, where potholes are not filled and bridges crumble, and our skeletal, lackluster national passenger rail network, the airport system is state-of-the-art. Airports are often fancy architectural masterpieces with massive road and rail access, surrounded by millions of dollars of commercial buildings, warehouses and freight handler offices that pay plenty of taxes, just not directly to airports.

Airline passengers are facing higher fees when faced with stagnant income.

At the same time, the income of average Americans has been flat. If consumers' incomes had increased by 52 percent over the past decade — like the income of airports — travelers wouldn't be so concerned. However, as the economy has grown, the average worker's income has been lagging

Travelers United can understand why chambers of commerce and local tourism officials are all supporting the increase in passenger facility charges — it is free money for them to pour into local jobs. But, for passengers taking off and landing at those airports it is an unfair subsidy and an unnecessary one.

Travelers United firmly rejects any need for any increase in government taxes and fees that fall on air travelers. We are already paying more than our fair share.

Sincerely,



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