

September XX, 2017

The Honorable Thad Cochran
Chairman
Senate Appropriations Committee
Washington, DC 20510

The Honorable Patrick Leahy
Ranking Member
Senate Appropriations Committee
Washington, DC 20510

Dear Chairman Cochran and Ranking Member Leahy:

We write to express our concern regarding the tax increase that has been included in the FY2018 Transportation, Housing and Urban Development, and Related Agencies Appropriations Act as considered by your Committee on July 27, 2017. The Act proposes raising the Passenger Facility Charge (PFC) from \$4.50 to \$8.50 for departing flights, a tax increase of billions of dollars on millions of Americans who use commercial air service.

In the state of Mississippi, this proposed PFC increase could mean a new tax of \$4.1 million or more per year on travelers departing from Columbus, Gulfport, Hattiesburg, Jackson, Greenville, Meridian, and Tupelo. In the state of Vermont, the PFC increase could exceed \$2.3 million on travelers departing from a single airport, Burlington. These tax increases would come on top of the \$3.4 billion in PFC taxes that are already forecast to be collected in 2017, a record new amount.

Past GAO studies on the PFC have repeatedly conclude that for every \$1 increase in the PFC, passenger demand would decline by anywhere from 0.8 to 1.8%, hurting the economy and causing a reduction in revenues to the Airport and Airways Trust Fund (AATF). This reduction in demand and in AATF funding will disproportionately harm mid- and small-market airports who rely heavily on AATF funding for infrastructure improvements.

There is no justification for Congress to pass a tax increase on the millions of Americans who fly every day. Commercial airports are generating record revenues and enjoy investment-grade credit ratings. These airports can use the value of their land to access capital markets at unprecedented levels, and antiquated concerns from investors about the strength of the aviation industry are a thing of the past. If an airport has valid infrastructure needs, each individual airport has revenue streams in their control that can be used to fund projects while remaining accountable to the traveling public. There is no need for Congress to authorize a tax increase.

We are opposed to the authorization of an increased PFC through the Appropriations process and urge you to remove this tax increase prior to any consideration of the FY2018 Transportation Appropriations legislation on the Senate floor.

Sincerely,

[Member of Congress]