



## AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES

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February 26, 2010

The Honorable Harry Reid  
Majority Leader  
United States Senate  
S-221, the Capitol  
Washington, DC 20510

Dear Mr. Leader:

On behalf of airport executives around the country, I am writing to thank you for announcing your intention to proceed to the Federal Aviation Administration (FAA) reauthorization bill next month. We look forward to continuing to work with you on a multi-year bill that improves aviation safety, helps airports prepare for future demand and stimulates the economy by creating jobs.

Passage of the FAA bill is long overdue. As you know, it has been almost two and a half years since the last FAA reauthorization bill expired. Although Congress has approved a series of short-term extensions, the exceptionally long delay in passing a multi-year bill has held up efforts to provide airports with the financial resources they need to improve aviation safety and capacity.

For instance, the House-passed version of the FAA reauthorization bill would raise the cap on Passenger Facility Charges (PFCs) to \$7.00. Every month that goes by without that proposal enacted into law costs airports approximately \$100 million in forgone revenue – funds that airports could use on critical infrastructure projects that create good-paying jobs.

As the Senate prepares to consider its version of the FAA reauthorization bill, we urge you and your colleagues to take the necessary steps to expedite the implementation of the Next Generation Air Transportation System. We also urge you to endorse a number of airport-related priorities that will enhance aviation safety, increase capacity, improve small community air service and save or create much-needed jobs.

***Raise PFC Cap to \$7.50 and Index for Construction Cost Inflation:*** We are calling on Congress to raise the cap on Passenger Facility Charges (PFCs) from \$4.50 to \$7.50 and index it for construction cost inflation. Congress hasn't raised the PFC cap since 2000. Since then, the value of PFCs has eroded by approximately 50% due to construction costs, which skyrocketed in recent years.

Raising the PFC cap to \$7.50 and indexing it for construction cost inflation would close part of that gap. It would also generate more than \$1 billion for critical safety, security and capacity projects and stimulate the economy by creating tens of thousands of jobs. Streamlining the PFC application and approval process would also airports to avoid unnecessary delays in job-creating construction projects.

***Increase AIP Funding:*** Increasing Airport Improvement Program (AIP) funding levels would also improve aviation safety, increase capacity and create jobs. Although airport executives would prefer even higher funding levels, we are pleased that the House and Senate versions of the FAA reauthorization bill would increase AIP funding by \$100 million per year. We also encourage Congress to maintain the 95% federal match for AIP projects at small airports as the Senate Commerce Committee has proposed.

***Reject Aircraft Rescue and Fire Fighting Proposal:*** Airports are urging Congress to reject a controversial proposal that could force airports to comply with excessive National Fire Protection Association (NFPA) standards without improving aviation safety. If enacted into law, this unnecessary proposal could dramatically increase staffing, training, infrastructure and equipment requirements for airports of all sizes and jeopardize commercial air service to small communities.

According to an independent Transportation Research Board report released last year it would cost airports approximately \$4 billion or more in the first year to comply with NFPA standards and an additional \$1 billion in annual operating costs. The additional costs could jeopardize commercial air service to small communities and ultimately create more economic challenges and job cuts in communities that are already struggling.

***Increase Funding for Small Community Programs:*** Air service is a key to economic development and job creation in small communities around the country. We urge Congress to increase funding for the Essential Air Service, Small Community Air Service Development and Contract Tower programs. These critical programs help small communities attract and retain commercial air service and improve aviation safety.

***Permanently Eliminate AMT Penalty on Airport Private Activity Bonds:*** Due to your leadership, the Recovery Act eliminated the Alternative Minimum Tax (AMT) penalty on private activity bonds that airports issue in 2009 and 2010. This provision is allowing airports to create jobs by moving forward with critical infrastructure projects that had been delayed because of the collapse of the bond market.

The FAA estimates that airports have issued almost \$8 billion in bonds since Congress passed the Recovery Act. More than \$5.6 billion of that amount benefited from the AMT provisions saving airports more than \$600 million. A permanent AMT fix would save airports even more money, allow them to invest in more infrastructure projects and create even more jobs.

Thank you for your assistance and your consideration of this request.

Sincerely,

A handwritten signature in black ink that reads "Charles Barclay". The signature is written in a cursive, flowing style.

Charles Barclay, A.A.E.  
President