



## National Air Carrier Association

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February 16, 2018

Honorable John Thune  
Chairman  
Senate Committee on Commerce, Science  
and Transportation  
Washington, DC 20510-6125

Honorable Bill Nelson  
Ranking Member  
Senate Committee on Commerce, Science  
and Transportation  
Washington, DC 20510-6125

Honorable Bill Shuster  
Chairman  
House Committee on Transportation and  
Infrastructure  
Washington, DC 20515-6256

Honorable Peter DeFazio  
Ranking Member  
House Committee on Transportation and  
Infrastructure  
Washington, DC 20515-6256

### **Re: FAA Reauthorization and Passenger Facility Charges**

Dear Chairmen Thune, Shuster and Ranking Members Nelson and DeFazio:

National Air Carrier Association (NACA) and its member carriers request that you strongly oppose any attempts to increase Passenger Facility Charges (PFCs) on airlines, which would stifle the current economic upswing and make airfares more expensive for the traveling public.

The PFC program permits collection of fees up to \$4.50 for every enplaned passenger at commercial airports controlled by public agencies. PFCs are capped at \$4.50 per flight segment with a maximum of two PFCs charged on a one-way trip or four PFCs on a round trip, for a maximum of \$18 total. Airports use these fees to fund Federal Aviation Administration (FAA)-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition.

We appreciate your willingness not to address an increase in PFCs in your respective FAA reauthorization bills. Airports already are reportedly in sound financial condition. Additionally, their added ability to access the bond market for special projects makes their request for increasing PFCs inappropriate and excessive. The airline industry estimates suggest increasing the PFC by \$1 would cost passengers an additional \$700 million annually.

The latest argument airports have been using to support an increase in PFCs is that it has not been increased since 2001 and has lost ground to inflation.

The argument is highly flawed as it suggests airport revenues have lagged behind inflation. Not only are more people flying, which boosts the PFC, but other sources of funding for airports – rentals paid by restaurants, retailers, and hotels, in addition to other taxes--have been growing, as well. Total airport revenues have grown nearly 50% since 2000, and PFC collections alone increased over 50% during that period.

Conversely, airlines are already subject to some of the highest taxation rates of any industry. The U.S. aviation industry and its customers already pay \$20 billion in 17 unique taxes and fees imposed by the federal government. Ever increasing labor and fuel costs and the current pilot shortage continue to pressure airlines, which has resulted in more mergers and less service in some areas of the country.

The carriers NACA represents that would be the most impacted by a rise in the PFC are the value carrier, Sun Country, and ultra low-cost carriers, Allegiant and Spirit. The leisure market is important to these carriers where ticket prices are particularly critical. These carriers provide low-fare alternatives for passengers in both smaller and larger markets; so any PFC increase may turn passengers away from a potential trip.

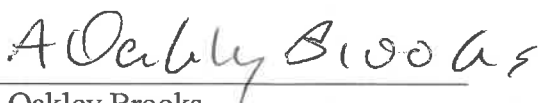
While the increase in PFCs may not noticeably decrease demand for legacy airlines, it will have a direct impact on ULCCs. Legacy carriers are committed to business and commercial travel where the cost of missing business opportunities may be greater than an increased ticket price by PFCs. However, our customer base represents middle-class America – folks who recognize that every dollar they don't spend on air travel, they can spend on other aspects of their family vacations. The increase on PFCs will be transferred to that plumber or teacher who has saved all year for the family vacation. They carry the burden for an ill-defined benefit.

We urge you to realize the distinction between legacy carriers' customer base and ULCCs' customer base. The government has promised to protect middle-class America; not increasing PFCs is a step in that direction.

We strongly urge Congress to focus on solutions in this FAA reauthorization bill that reduce the cost of doing business and regulatory burdens on the airline industry. Passengers respond to the market and fly because they have access to good competitive fares and choices of flights.

NACA and its member carriers look forward to working with each of you to help develop the best FAA reauthorization bill possible, and we are happy to addressing any questions you may have.

Respectfully submitted,



A. Oakley Brooks  
President  
National Air Carrier Association