



AMERICANS for TAX REFORM

March 26, 2015

Dear Member of Congress,

On behalf of Americans for Tax Reform, I write in strong opposition to an increase in the fee known as the Passenger Facility Charge (PFC). Increasing this fee represents an unnecessary and unfair burden to airline passengers. We urge you to reject any proposals to increase the PFC.

As you know, many airports are advocating for a nearly 90 percent increase in the PFC. Airports have argued that an increase in the PFC is needed in order to continue making infrastructure investments to better serve passengers. However, it is entirely possible for airports to continue making important infrastructure improvements without increasing the cost of flying.

According to 2013 financial reports filed with the FAA, US airports had almost \$11.4 billion in unrestricted cash and investments on hand. This equates to 357 days of liquidity. In addition, the Airport and Airway Trust fund is at its highest level since 2001, boasting an uncommitted balance of \$6 billion.

Even if airports were facing a shortfall in investment funding (which they are not), nearly every U.S. airport rated by the S&P enjoys investment-grade credit ratings, meaning that they can easily secure additional revenue through the bond market.

Since 2008, the 30 largest airports in the nation have spent nearly \$70 billion on completed, underway or approved airport capital projects to improve their infrastructure. At the same time, airports have enjoyed a revenue increase of 52% since 2000, far exceeding the consumer price index which rose just 35% in the same time period. Given this period of prosperity, it is puzzling that airports are now pleading poverty and asking passengers to pay more.

Not only is increasing this fee unnecessary, it is also unpopular. A recent study found that 82 percent of voters oppose doubling the PFC. Just 14 percent of voters favored increasing the PFC.

Air passengers are already overburdened by government taxes and fees – taxes make up 21% of the cost of an average domestic flight, and passengers paid \$20.5 billion in taxes last year. While airports are requesting a seemingly modest \$4 increase in the PFC, this proposal represents a \$2.8 billion annual tax increase on air passengers.

Investing in our nation's air travel infrastructure is certainly an important cause. However, it is unfair and illogical to ask air travelers to pay more when there is already plentiful funding for important infrastructure projects. We urge you to listen to your constituents and reject any proposals to increase the PFC.

Onward,

Grover G. Norquist
President
Americans for Tax Reform