



AMERICANS for TAX REFORM

February 15, 2018

The Honorable Lamar Alexander
455 Dirksen Building
Washington, D.C. 20510

Dear Senator Alexander:

I write regarding ATR's opposition to an increase in the Passenger Facility Charge (PFC).

ATR opposes a PFC increase whether it is considered as stand-alone legislation or within a larger government funding bill.

As you know, the PFC is currently capped at \$4.50 per ticket, with revenue going to fund airport improvement projects. While many airports have advocated for increasing the PFC in order to continue infrastructure projects, this increase is entirely unnecessary.

In 2016, PFC revenue totaled \$3.2 billion, a relatively small portion of the \$29 billion in revenue collected by airports. U.S. airports ended 2016 with \$14.2 billion in unrestricted cash, and revenue has grown 49 percent on a per passenger basis between 2000 and 2016. Additionally, the Airport and Airway Trust Fund (AATF) is at its highest level since 2001, with an uncommitted balance of \$6 billion.

Clearly, airports do not rely on the PFC as they already enjoy strong cash flow and revenue. In addition, airports have investment-grade credit rating from Standard and Poor's, so have no problem attracting other financing without a PFC increase.

Government taxes and fees already overburden air passengers – taxes make up over 20 percent of an average domestic flight. The PFC is also hidden within the cost of a ticket, so passengers often believe it is a fare increase. Even though it is not immediately visible, a PFC increase falls squarely on passengers.

Unfortunately, the Senate Appropriations Committee proposed doubling the PFC from \$4.50 to \$8.50 in S. 1655, the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act of 2018.

This proposed PFC increase occurred contrary to regular order and sets the precedent that appropriators can override authorizers. The Senate Commerce, Science, and Transportation Committee has jurisdiction over this issue and has not considered a PFC increase, even when the Committee passed legislation reauthorizing the Federal Aviation Administration.

Instead of using the appropriations process to increase the burden on travelers, lawmakers should follow the example set by the House, which passed appropriations legislation that did not include any PFC increase.

As Congress considers a government funding deal, I urge you not to include language increasing the PFC in a budget bill. A PFC increase is not needed to finance airport investment, would fall squarely on travelers, and goes against regular order.

Onward,

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