

Oral Statement for Greg Principato before the House Aviation Subcommittee

Chairman Costello, Ranking Member Petri, members of the Subcommittee on Aviation, thank you for allowing Airports Council International-North America (ACI-NA) the opportunity to participate in this important hearing.

I would like to start by thanking you for your support of airports in H.R. 1. Your assistance in providing the tools to improve our infrastructure while creating thousands of jobs highlights the important role of airports in our country's transportation network. We also appreciate your continued recognition of the success of the Airport Improvement Program in the FAA Reauthorization Act of 2009.

Whether one plane or one hundred use an airport on a given day, we need to maintain our infrastructure to provide safe and secure facilities for the traveling public. Under this Committee's leadership, airports were given a financial tool that has proved to be a model for federal-local partnerships and the lifeline for airport financing, the Passenger Facility Charge. By granting airports the ability to generate local funding through the collection of the PFC user fee, all those who use the system have a voice in infrastructure development in consultation with the FAA on an ongoing basis. This financing tool has allowed local communities to determine their needs and map out a plan for improvements and development at the airport in coordination with the airport users.

ACI-NA strongly supports an increase in the ceiling of this local user fee to at least \$7.50, with future increases indexed to match construction cost inflation. The purchasing power of the PFC has been greatly diminished by skyrocketing construction costs. The current maximum PFC of \$4.50 is worth only \$2.46 today. Fully adjusting the PFC to account for construction cost inflation would place the fee at \$8.33. Without your continued support of increasing the PFC, airports will not have the ability to keep up with the inflationary costs of construction and provide facilities that meet passenger demand.

History has shown that airports carefully evaluate the need for infrastructure projects. History has also shown that if you wait to act till your infrastructure is inadequate, you've waited too long.

Traffic may be down now, but we did not have the infrastructure to meet demand last summer. Can anyone remember the last time we had enough infrastructure to serve our passengers? How can we expect to prevent passenger delays and inconvenience when passenger traffic returns?

ACI-NA, in its just completed Capital Needs survey found that airports, including both commercial and general aviation airports, have \$94.4 billion in total projects over the next five years that are considered essential by the airport and airport users to meet forecasted passenger and cargo growth. Not surprisingly over half of these projects are at large hub airports that continue to experience congestion and flight delays. And, yes, our survey found that many airports of all sizes have delayed or canceled the construction of billions of dollars in projects. Even so, the needs are great and the costs are rising.

We expect the PFC to play a more prominent role in airport financing as the Trust Fund suffers from declining revenues due to the current downward turn in traffic and the new a la carte ticket pricing system embraced by most U.S. airlines, since these airline fees are not subject to the ticket tax.

It is ironic that the airlines continue to not only wrongly label the PFC user fee a tax but fail to mention that they received \$87 million to collect and remit it. It is amusing that airlines claim that a \$2.50 increase in the PFC user fee proposed by this Subcommittee last Congress will ultimately reduce passenger traffic when the a la carte pricing in place for the majority of carriers imposes fees that greatly exceed the PFC for services from checking a bag to making a seat reservation to using a pillow.

Thanks also for your work to give airports the resources we need to help reduce our environmental footprint and help reduce emissions and improve energy efficiency. The

environmental provisions supported by ACI-NA in this bill are highlighted in my written testimony. Additionally, we commend the Committee for authorizing critical funding for important air service programs, including SCADS and EAS. We are especially grateful for your efforts to provide a significant increase for SCADS, as the program has helped small communities enhance their air service on a self-sufficient long-term basis. In addition, my written testimony addresses the role airports would like to play in this Committee's continued work on NextGen.

One final note: we remain concerned about proposals to mandate specific airport rescue and fire fighting standards. In December 2008, we conducted a survey of our members on how much it would cost them to comply with proposed NFPA standards. We found that capital costs for compliance would average \$6.5 million and annual operating costs would add \$2.5 million per year forcing many smaller airports to consider closing down. The FAA Aviation Rulemaking Advisory Committee (ARAC), which included airports, firefighters and other industry stakeholders, prepared a report on the proposed ARFF requirements and has recommended a rulemaking on many of the critical issues. ACI-NA supports FAA initiating the rulemaking process, as to evaluate the costs and benefits of any change in the regulations.

In conclusion, we thank you for your continued support of airports and the critical role we play in the aviation system. We look forward to working with you on this and other legislation. Thank you.