# H.R. 1265
# Investing in America: Rebuilding America's Airport Infrastructure
# Introduced by Rep. Peter DeFazio and Rep. Thomas Massie

*March 1, 2017*

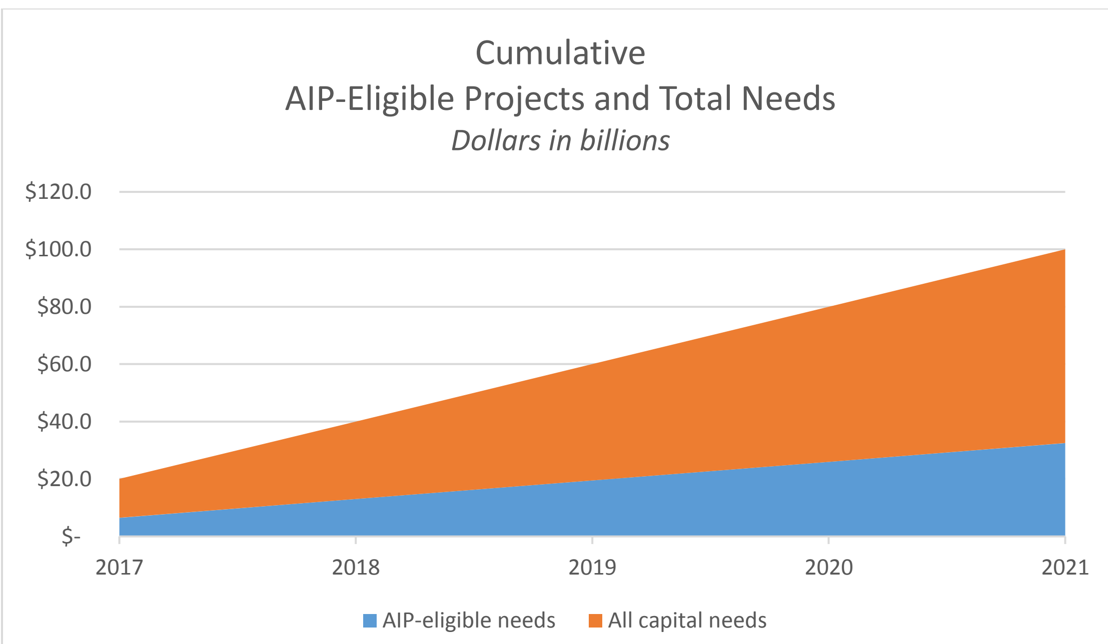
## Executive Summary

**H.R. 1265, the "Investing in America: Rebuilding America's Airport Infrastructure Act", will generate billions of dollars in much-needed revenue to rebuild America's aging airport infrastructure, without raising taxes by a single cent.**

**The bill removes an outdated cap on the passenger facility charge (PFC), a per-passenger fee that airports may choose to collect to improve capacity, reduce noise, or stimulate competition among airlines.** Congress last increased the PFC cap, from $3 to $4.50, in 2000; it has remained untouched since that time, despite a growing need, year over year, for increased investment in airports that are bursting at the seams with travelers in terminals and airplanes on runways and taxiways.

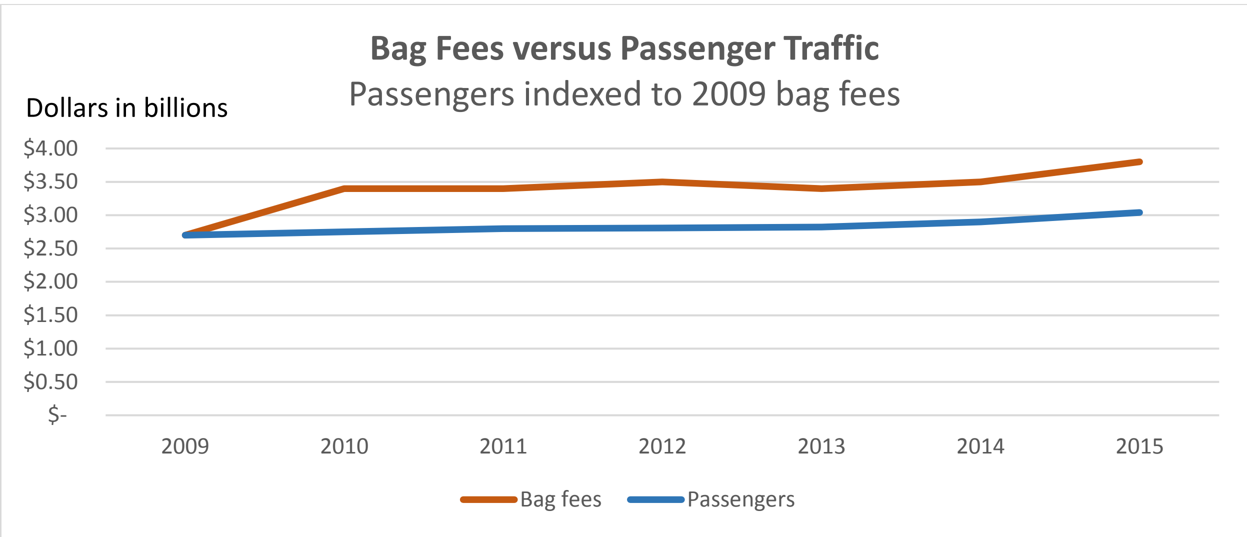
## Airport Infrastructure Backlog

PFC revenues complement Federal Airport Improvement Program (AIP) grants for eligible airport development projects. Although Congress provides $3.35 billion per year in AIP funding, AIP grants do not come close to fulfilling the looming need for sustained and aggressive investment in aging airports. The Federal Aviation Administration (FAA) estimates that, **over the next five years, the Nation's airports will record a need for $32.5 billion—or $6.5 billion per year—in AIP grants. Airports Council International-North America estimates that investment needs for AIP and non-AIP projects combined are <u>$100 billion</u> over the next five years, or <u>$20 billion</u> per year.**



The PFC program was established in the Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-58), which authorized airport sponsors such as State and local governments, with FAA approval, to levy a fee of $1, $2, or $3 per enplaned passenger. That authority was amended just once since then, in 2000, when Congress authorized PFCs of $4 and $4.50 per enplanement. The PFC was not, however, indexed to inflation. Each subsequent year, despite a chorus of airports insisting on the need for an increased PFC to meet rebounding demand after the global economic crisis, Congress has done nothing to increase the PFC cap.

Airlines say even a $1 or $2 PFC increase would discourage people from flying. However, considering the airlines' apparent success in imposing ever-increasing checked bag fees, legroom fees, and now fees to use overhead bins, all available evidence of how consumers exercise their choice refutes that argument. As the chart below demonstrates, passenger traffic has remained mostly constant despite a proliferation of bag fees.




**<u>H.R. 1265, THE "INVESTING IN AMERICA: REBUILDING AMERICA'S AIRPORT INFRASTRUCTURE ACT"</u>**

To generate revenue for airport capital projects and bring airports closer to meeting the multi-billion-dollar outstanding investment need, H.R. 1265:

- Eliminates the $4.50 cap on the PFC;
- Trims AIP funding by $400 million annually to reduce Federal spending, given airports' capability to generate more revenue through increased PFCs; and
- Eliminates large hub airports' entitlement to AIP grants if those hubs collect PFCs greater than $4.50, likely increasing AIP funds available for smaller airports.

**H.R. 1265 increases <u>non-tax, locally collected revenue</u> to help our airports rebuild and rehabilitate aging terminals, runways, and taxiways and keep pace with ever-increasing demand in the 21st century.**