



**The American Association of Airport Executives' Recommendations  
for President-Elect Barack Obama's  
Department of Transportation Transition Team  
December 2008**

**Short-Term Priorities**

***Economic Stimulus Package:*** AAAE is urging Congress and the Administration to include the following provisions in the next economic stimulus package that would help airports during these difficult financial times and simultaneously help stimulate the economy by creating jobs:

- ***Include Additional Funding for Airport Improvement Program:*** Include an additional \$1 billion for the Airport Improvement Program (AIP). This funding would create approximately 35,000 jobs. It would also expedite the construction of critical safety, security and capacity projects at airports around the country.
- ***Eliminate AMT Penalty on Airport Private Activity Bonds:*** Federal tax law unfairly classifies the vast majority of bonds that airports use as private activity even though they are used to finance runways, taxiways and other facilities that benefit the public. Since private activity bonds are subject to the Alternative Minimum Tax (AMT), airport bond issuers are charged higher interest rates on their borrowing.

Due to the current financial crisis virtually no long-term airport AMT bonds have been sold in the past several weeks. Consequently, airports are being forced to either postpone key infrastructure projects or find other sources of short-term financing. Eliminating the AMT penalty would allow airports to proceed with their infrastructure projects and create jobs.

- ***Allow Airports to Use PFCs and AIP Entitlements for Debt Service:*** AAAE is also recommending that airports be allowed to use Passenger Facility Charge (PFC) revenue and AIP entitlements for debt service. These temporary changes would help airports reduce their costs and preserve jobs.
- ***Increase Funding for Aviation Security:*** Expediting the installation of explosives detection equipment in airports remains a priority for AAAE, and we urge the approval of additional resources for that purpose and for other security upgrades at airports as part of economic stimulus legislation. Many airports have submitted plans to TSA that can be acted on in the short-term, which will produce security enhancements and create jobs immediately. (The most recent Senate stimulus bill contained an additional \$500 million for this purpose.)

**Intermediate and Longer-Term Priorities**

***FAA Reauthorization/DOT Appropriations:*** It has been more than a year since the last FAA reauthorization bill expired. Since then Congress has passed a series of short-term extensions that have disrupted funding for airport infrastructure projects. AAAE is urging Congress and the Administration to work together to enact a multi-year Federal Aviation Administration (FAA) reauthorization bill early in 2009 that expedites the deployment of the Next Generation Air Transportation System and includes the following airport-related provisions:



- **Raise PFC Cap and Streamline PFC Process:** Congress has not raised the PFC cap since early 2000 – almost nine years ago. Since then, the value of PFCs has eroded due to inflation and rapidly increasing construction costs. AAAE is urging Congress and the Administration to raise the PFC cap from \$4.50 to \$7.50 and index it to inflation. The House-passed version of the FAA reauthorization bill increased the PFC to \$7.00. AAAE also recommends streamlining the PFC application process, which currently takes several months to complete. Both provisions would help airports enhance safety, security and capacity.
- **Increase AIP Funding:** The House-passed version of the FAA reauthorization bill and the bill approved by the Senate Science, Commerce and Transportation Committee called for increasing AIP by \$100 million per year. AAAE strongly supports the increased funding levels contained in both bills. In Fiscal Year 2010, AAAE is urging Congress and the Administration provide \$4 billion for AIP – the same funding level included in the House-passed version of the FAA reauthorization bill and the bill approved by the Senate Science, Commerce and Transportation Committee.
- **Reject Aircraft Rescue Fire Fighting Proposal:** AAAE is urging Congress and the Administration to reject an Aircraft Rescue Fire Fighting (ARFF) proposal that could unnecessarily increase equipment and staffing requirements for airports of all sizes and jeopardize service to small communities. AAAE is calling for a fair and unbiased rulemaking process that doesn't tilt the playing field toward any particular aviation stakeholder.
- **Increase Funding for Small Community Programs:** Airlines have reduced or eliminated commercial air service to airports around the country in recent months, and small communities have been particularly hard hit. AAAE agrees with President-elect Obama's call to "strengthen air transportation in underserved areas." Congress and the Administration can help by increasing funding for Essential Air Service and the Small Community Air Service Development program.
- **Support FAA Contract Tower Program:** Currently, there are 240 FAA contract towers in the United States. This successful, 26-year government/industry partnership helps smaller airports retain and develop commercial air service and general aviation activity and enhances aviation safety in a cost-effective manner at airports that in many cases would not have a tower. The safety and efficiency record of the program has been validated by the DOT Inspector General, the FAA, and the National Transportation Safety Board. AAAE urges the Administration to preserve the program for the airports presently participating in the program and for non-towered airports eligible for the program.

**Aviation Security Policy:** Although not the responsibility of the Department of Transportation, aviation security decisions have a major impact on the safe, secure, and efficient operation of airports nationwide. The federal government plays a major role in passenger and baggage screening and must take steps to improve both areas by investing in the technology and personnel necessary to enhance security, safety, and passenger convenience. Additionally, the federal government must work to partner more effectively with airports to take advantage of their unique public nature and the expertise airports have in managing security functions at their facilities including law enforcement, incident management, credentialing, and access control.



## Expansion Program at Hartsfield-Jackson Atlanta International Airport

- The Airport makes a \$23.5 billion annual economic impact on the greater metro Atlanta economy, and it is directly or indirectly responsible for 393,000 jobs in metro Atlanta. We are currently engaged in a multi-year expansion program that will increase the impact on the regional economy and ensure that Atlanta remains a major economic engine in the southeastern United States.
- Yet the expansion program at Hartsfield-Jackson Atlanta International Airport faces threats that could delay its completion. Due to the impairment of the bond market for variable rate demand obligations, debt service costs are projected to increase by \$26 million this year for debt that has already been issued. In addition, we are unable to sell an additional \$600 million in municipal bonds due to the credit freeze and the collapse of the bond insurance industry.
- Hartsfield-Jackson, like other U.S. airports, has access to capital via the issuance of bonds. Despite an investment grade A+ debt rating, investors are not willing to assume Airport debt since the Airport's credit rating is not triple A, and there is a lack of bond insurance capacity to cover the needs of the airport industry. In the absence of new funding, work will be suspended on construction of the Maynard H. Jackson International Terminal. If this occurs, nearly 300 construction-related jobs will be lost this year and an additional 2,300 jobs between now and 2011 that would otherwise have been created will be lost. In addition, there are approximately 500 off-site vendor jobs which will be lost.
- Without access to capital, other construction projects in jeopardy include: new cargo facility construction, a runway extension project, concourse expansion, Airport fire station renovation and phase four of our terminal upgrade project. Hundreds of jobs directly associated with these projects will not be created. In addition, the economic benefits that would accrue to the region through the expansion of these facilities will not be realized.