



Travel Industry Association

FAA REAUTHORIZATION/ATC MODERNIZATION TRANSITION BRIEFING PAPER DEPARTMENT OF TRANSPORTATION

BACKGROUND: Federal aviation programs authorized under the “Vision-100-Century of Aviation Reauthorization Act” expired on September 30, 2007 and has been kept in operation under a series of legislative extensions. The most recent one will expire on March 26, 2009. The House passed its \$66 billion four-year reauthorization bill on September 20, 2007. The bill provided \$15.8 billion for the Aviation Improvement Program, \$13 billion for the Facilities and Equipment program, and \$37.2 billion for FAA Operations. The bill increases general aviation jet fuel taxes as well as aviation gas taxes in order to fund the air traffic control modernization initiative referred to as Next Generation Air Transportation System (NextGen). The bill also increases the cap on passenger facility charges that airports can charge from \$4.50 per passenger to \$7.00. The Senate has yet to pass its bill, primarily due to a dispute on how to pay for the NextGen system between commercial aviation and general aviation interests. Other issues in significant contention are labor issues involving air traffic controllers, major airline mergers, and package express companies.

ISSUES FOR THE NEW ADMINISTRATION

1. **Modernize the Air Traffic Control System:** Today’s air traffic control system is outdated and inefficient, relying on World War II-era radar and technologies. The state of the air traffic control system is at the heart of the nation’s aviation troubles, and its modernization must be a national priority. Reducing delays and cancellations by modernizing the air traffic control system, while increasing capacity and flow, should be a top priority for the new administration.

Action Items:

- The new Administration and Congress must act quickly to modernize the aviation system to meet the expected massive increase in passengers over the next 10 years by expediting air traffic modernization and providing adequate investment to increase the system’s capacity.
 - The United States must move forward with the Next Generation Air Transportation System initiative, utilizing state-of-the-art ground, air and satellite-based technologies as soon as possible.
2. **Relieve Aviation Congestion:** The air transportation system is stretched thin. Currently, the system handles 750 million passengers each year. This number will likely reach one billion by 2015. The current system is already straining and could reach gridlock if there is a failure to act. Passengers will experience ever-increasing levels of congestion unless the air transportation system is fundamentally transformed. A recent study by the Travel Industry Association revealed a deep frustration among air travelers as a result of congestion and delays, which caused them to avoid an estimated 41 million trips over the past 12 months at a cost of more than \$26 billion to the U.S. economy. The percentage of on-time arrivals at the nation’s busiest airports has steadily declined each year since 2002, when 82 percent of flights arrived on time at the 35 busiest airports. In 2006 the on-time arrival rate at those airports fell to 75 percent.

Action Item:

- The new Administration and Congress must work to reduce delays, eliminate congestion and move people and goods as quickly and efficiently as possible by building new runways,



installing new technology, and putting new procedures in place to facilitate capacity and efficiency enhancements. Technology upgrades and capacity improvement projects at major airports are especially needed.

3. **Stabilize Fuel Prices:** This summer, jet fuel prices were in excess of \$140 per barrel. Every one-cent increase in the cost of a gallon of jet fuel costs airlines an additional \$200 million per year in fuel costs. For 2008, Merrill-Lynch is forecasting that U.S. airlines will lose \$2 billion in 2008 if jet fuel prices remain at \$3.00 per gallon and, if they increase to \$3.50 per gallon holding everything else constant, its industry-loss forecast balloons to \$12 billion. The report states that if jet fuel prices remain at current levels, the industry will incur capacity reductions of historic proportions. This could have devastating results for air service to small or remote communities across the country. Recently, fuel prices have begun to drop back to a normative level, but pressure on the industry remains in such a fluid market.

Action Item:

- The new Administration and Congress should work to stabilize fuel prices, which would allow business and leisure travel to flourish and continue to generate jobs and power the U.S. economy.



Travel Industry Association

FEDERAL HIGHWAY REAUTHORIZATION TRANSITION BRIEFING PAPER DEPARTMENT OF TRANSPORTATION

BACKGROUND: The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was enacted on August 10, 2005, authorizing Federal aid highway, transit, motor carrier safety, and auto safety programs. Congress passed 12 legislative extensions to keep the program going. Until the recent financial rescue package, the surface transportation reauthorization bill was the largest non-entitlement domestic spending bill Congress considered. SAFETEA-LU expires on September 30, 2009. The most challenging and contentious issue in the bill will be its financing given the decline in revenues to the Highway Trust Fund, which funds 90% of these programs.

The U.S. travel community is acutely attuned to and engaged on the issue of SAFETEA-LU reauthorization because more than 80 percent of all leisure and business travel occurs on our nation's highways. Whether by personal auto, rental car, bus or recreation vehicle, travelers reach their destinations via public highways and roads. Guaranteeing national mobility and ensuring travelers reach their intended destinations safely and on time requires significant investment in our surface transportation system.

ISSUES FOR THE NEW ADMINISTRATION

1. **Properly Finance the Highway Trust Fund:** Due to unsupportable funding levels based on revenue projections in 2005, eight straight months of a decline in vehicle miles traveled, primarily attributed to higher fuel prices, as well as increased use of alternative fuels and hybrid-type vehicles, the highway trust fund is approaching bankruptcy. In September, Congress infused the Highway Account of the Highway Trust Fund with \$8 billion from the General Treasury, which is projected to allow for full funding of authorized program levels through FY 2009, but even that is in question. As a result, the source of nearly all federal spending on highways, bridges and mass transit faces the possibility of collapse if new financing methods are not put in place.

Action Items:

- The new Administration and Congress must work diligently to vet various options for financing the federal Highway Trust Fund to ensure its long term sustainability.
 - The President and Congress must work with the nation's state and local governments to ensure sustainable financial resources are adequate to maintaining existing surface transportation infrastructure and operations in the future.
2. **Mitigate Highway Congestion:** According to Federal Highway Administration statistics compiled by the National Surface Transportation Infrastructure Financing Commission, vehicle miles traveled (VMT) by car climbed 96 percent from 1980 to 2006 and truck mileage more than doubled while miles of highway increased only 4.4 percent. The resulting road congestion costs the economy more than \$78 billion, 4.2 billion hours of wasted time, and 2.9 billion extra gallons of fuel a year, according to the Texas Transportation Institute. Even with current declining VMT, the U.S. population is expected to hit 420 million by 2050 and wear and tear on the already strained system will only get worse.

*Action Item:*

- The new Administration and Congress should support a new vision and proven technological and pricing mechanisms to seriously tackle the congestion issues across the country, improve traffic flow and reduce wear and tear on existing infrastructure.
3. **Increase Funding for Federal Lands Highways:** The Federal Lands Highways (FLH) program authorizations through 2009 total over \$4.5 billion for the Indian Reservation Roads (IRR), Park Roads and Parkways, Public Lands Highways (discretionary and Forest Highways), and Refuge Roads Programs. FLHP funds can be used for transportation planning, research, engineering and construction of highways, roads, parkways and transit facilities within public lands, national parks, and Indian reservations. In addition, FLHP funds can also be used as the State/local match for most types of Federal-aid highway funded projects.

Action Item:

- The new Administration and Congress should support higher levels of funding for improvements to roads and bridges in our national parks, forests and other public lands. With more than 90,000 miles of federally owned and managed public roads serving visitors and recreation users, adequate funding is critical for proper maintenance and improvements. National parks, forests and other public lands are important destinations for both domestic and international visitors. Greater funding to ensure improved maintenance of these roads will help facilitate travel.
4. **Properly Fund and Promote National Scenic Byways:** The 27 All-American Roads and 99 National Scenic Byways in 44 states across the country afford domestic and international visitors the opportunity to experience this country's unique historical, cultural and natural qualities. Every All-American Road and National Scenic Byway is a unique attraction and an interesting part of American history and culture. Properly funding and promoting these roads as attractive destinations will increase international and domestic interest in our nation's byways.

Action Item:

- In an effort to increase All-American Road and National Scenic Byway awareness and usage, the new Administration and Congress should support increased funding for marketing efforts, visitor information programs and scenic pullouts, along with other capital investments.
5. **Secure Funding for Transportation Enhancements:** The U.S. travel community has consistently supported the Transportation Enhancements (TE) Program. TE activities are federally funded community-based projects designed to improve local communities by preserving historic buildings, landmarks and neighborhoods, and making roads and highways more attractive. For instance, TE funding supports the development and maintenance of "tourist and welcome centers."

Action Item:

- The new Administration and Congress should ensure that the TE Program is continued in SAFETEA-LU reauthorization and receives additional funding.



Travel Industry Association

RAIL TRAVEL TRANSITION BRIEFING PAPER DEPARTMENT OF TRANSPORTATION

BACKGROUND: While rail travel has existed in the United States since the early to mid 1800s, the modern era of rail travel dates to 1970 and Congress' creation of the National Railroad Passenger Corporation, or Amtrak, in the Rail Passenger Service Act of 1970. Amtrak operates intercity rail service in 46 states and the District of Columbia, and while the system has its share of supporters and critics, it undoubtedly serves as a vital transportation link between cities all across the United States. This fall, the President signed legislation (H.R. 2095) that provided nearly \$13 billion for Amtrak over the next five years, and also provided for several new safety measures for both rail workers and passengers.

In addition to Amtrak, the Federal Railroad Administration has designated 11 high-speed rail corridors across the U.S. The corridors can be found in more densely populated regions of the U.S., and there are active organizations in each of these regions seeking both public and private financing to establish high-speed rail service between key major cities. Regarding public financing of high-speed rail, the most positive development occurred in California where on November 4th voters approved a \$10 billion bond to jump-start what is expected to be a \$45 billion, 800-mile rail project funded by local, state, federal and private funds that will eventually link the cities of Anaheim, Los Angeles, Fresno, San Francisco, Sacramento, San Diego and Oakland.

ISSUES FOR THE NEW ADMINISTRATION

1. **Support Expansion of Rail Travel Options:** Our nation's intermodal transportation system consists of various options by which travelers can reach their destinations. To ensure mobility for travelers and maintain U.S. economic competitiveness, it is important that business and leisure travelers have many options available to them that are safe, efficient and affordable.

Rail travel provides an alternative to flying or driving in cases where congestion, hassles and delays may make a trip less efficient and more costly – particularly for shorter trips of 500 miles or less. While longer distance (coast-to-coast) travel still requires flying, it may often make sense from both an efficiency and affordability standpoint for travelers to consider driving, or taking a scheduled bus or train service to reach a destination only a few hundred miles away. The development of high-speed electric rail may also be a “greener” option for travel in terms of reducing energy demand and lowering greenhouse gas emissions.

Action Items:

- The new Administration should support efforts in Congress to continue reform and expansion of Amtrak service throughout the country to provide travelers with viable alternatives for business and leisure trips.
- The Administration should provide leadership in working to spur greater public and private financing of high-speed rail networks in the 11 designated high-speed rail corridors to protect the environment, relieve the pressure on regional highway systems and provide travelers with an efficient option and means of reaching their destinations.