



*A MEMBERSHIP ORGANIZATION
REPRESENTING PUBLIC-OWNED
AIRPORTS IN THE STATE OF IOWA*

IPAA Federal Legislative Priorities 2016

The Iowa Public Airport Association encourages the following considerations in developing the 2016 Federal Aviation Administration (FAA) Reauthorization:

Through the FAA Reauthorization process, IPAA encourages increasing spending levels for the Airport Improvement Program (AIP), Essential Air Service, Small Community Air Service Development Grants, Contract Tower Program, and other programs that safely operate, develop, and maintain facilities at airports around the country.

AIP

A major component of the FAA is the Airport Improvement Program (AIP), which provides funding for airport, expansion, rehabilitation, and capital projects. In Iowa, 69 general aviation airports and eight commercial service airports are eligible for funding from the AIP program. AIP and its predecessors FAAP and ADAP, has worked well for Iowa airports since 1947 and IPAA would like to see the full funding of this program.

Requested Action – 4 Specific Actions

1. IPAA encourages reinstating the local match levels in past legislation of 5% (Vision 100) for all airports.
2. Fund the AIP program to provide \$3.6 billion in 2017 with \$100 million in increases every year throughout the reauthorization period. We have been static for 10 years.
3. Since these are monies already collected and deposited in the Airport and Airway Trust Fund, we must protect these funds and budget from Sequestration or FAA Operating uses.
4. Continue to fully fund the Non-Primary Entitlement for General Aviation airports.

Essential Air Service

Currently, there are 143 communities nationwide receiving EAS subsidized air service, including five in Iowa (Burlington, Fort Dodge, Mason City, Sioux City, and Waterloo). IPAA strongly supports fully funding the Essential Air Service Program and elimination of the Public Law No. 112-95 restrictions on airport eligibility to participate.

AMT Provisions

IPAA supports the permanent elimination of the Alternative Minimum Tax (AMT) penalty on all airport revenue bonds. We seek the ability to refund a number of these bonds, as well as a “look-back” provision allowing airports to refund AMT bonds.

This action will prove tremendously successful in lowering capital costs for some airports; IPAA supports a permanent change and an indefinite look-back provision which will result in significant savings to many airports, large and small. Unless Congressional action is taken, IPAA forecasts a significant decrease in future demand for airport bonds to the point where sales of any significant AMT bonds will not be possible, and airports will be forced to postpone projects or issue taxable bonds at much higher cost.

Requested Action – Eliminate the AMT penalty. This will ensure airports will be able to undertake additional capital investment projects, maintain lower costs to the traveling public, and most importantly, create and keep jobs by building safer and more efficient airports.

Contract Tower Funding:

Compromises in public safety services like Air Traffic Control (ATC) is never to be used as a means to protect the FAA administrative structure. However, that is what has been repeatedly proposed by FAA Administrator Huerta. ATC cuts should be the last option on the table, not the first. In 2013, 251 public use airports were identified for tower closures. Dubuque has the 3rd busiest airport in Iowa, often 2nd busiest. Dubuque’s air traffic consists of a mix of airlines, corporate jet, helicopter, flight training, and military all maneuvering at different altitudes, speeds, and flight regimes, so this proposal by the FAA is not acceptable. The only contract tower in Iowa on that list is the Dubuque tower which is operated by a private firm on contract with the Federal Aviation Administration. In spite of the DOT’s IG report published in July 2012 showing contract towers save an average of \$1.5 mil annually, continued funding for this program seems to remain in question.

Requested Action - Safety and common sense dictates continued funding of the ATC program and the contract tower program or restoration of FAA staffing of these facilities. Funding is NOT to be provided by reducing AIP Discretionary funds to airports.

Passenger Facility Charges:

These FAA authorized funds are levied and collected locally and are used to construct runways, taxiways, terminals, security improvements, and many other items travelers encounter daily. The current collection amount of \$4.50 per passenger and is not indexed to inflation which restricts the amount of money available for large capital projects. Since the PFC came into existence in 1990, it

has had only 1 increase to its current amount. In the meantime, construction costs have more than tripled.

Requested Action - Increasing the PFC to \$8.50 and indexing it to inflation would ensure long term funding viability for even the smallest of commercial service airports. Allowing these funds to be used for revenue generating items like parking lots, airline offices, etc. would significantly reduce the impact on smaller airports, their tenants, and their sponsors.

Air Service Development Program:

The U.S. Department of Transportation manages the Small Community Air Service Development Program. This program helps small and non-hub airports with monetary support of airline and air service recruitment endeavors. The Department of Transportation's grant application has very restrictive guidelines, which limit airport participation to one-time projects. If those methods work to attract one carrier, you may not seek a grant to offer the same incentives to another carrier. Eliminating that restriction would allow communities to implement previously viable methods for recruiting new/expanded air service.

IPAA is strongly opposed to:

Continued Diversion of Federal Taxes on Aviation Jet Fuel

IPAA strongly opposes the convoluted tax process of aviation jet fuel. Fuel taxes from the sale of jet fuel are currently credited to the Highway Trust Fund. In order for the taxes to be properly credited to the Aviation Trust Fund, the fuel vendor or buyer must apply with the IRS for a refund of the tax, and only then are the funds transferred to the Airport and Airway Trust Fund.

The process is confusing and places the burden on the fuel vendor or buyer to get the fuel taxes credited to the proper trust fund. In addition, the aviation community seriously questions if fuel tax fraud involving jet fuel and the trucking industry is actually occurring and has seen no statistical evidence to support those claims.

Requested Action- A simple solution would be to tax aviation kerosene at the same .244 rate as highway diesel eliminating any incentive for the suspected fraud. The resulting tax revenues could then be deposited into the respective trust funds directly eliminating the burdensome reporting and record keeping requirements that now exist, in addition the resulting increase in fuel tax would help strengthen the Aviation Trust Fund helping to eliminate the need for user fees in the future.

User Fees

We believe user fees will damage the fragile general aviation environment. Jet A or aviation fuel already exceeds \$6.00 per gallon and in some locations \$8.00 per

gallon. Operating costs for flight training, medevac, agricultural, small package shipping, and business aircraft uses has skyrocketed over the past seven years. Assessing fees for use of the air traffic control system will end this form of aviation for all but the very wealthy. The effects of such fees in Europe and Canada have devastated private and corporate aviation.