



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

## **IPAA Federal Legislative Priorities 2018**

The Iowa Public Airport Association encourages the following considerations in developing the 2018 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 \$3.8 billion in 2019 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 four in Iowa (Burlington, Fort Dodge, Mason 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 previous FAA Administrators. 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 2nd busiest airport in Iowa, 3<sup>rd</sup> busiest in the region. Dubuque’s air traffic consists of a mix of airlines, corporate jets, helicopters, flight training, and military all maneuvering at different altitudes, speeds, and flight regimes, so any proposal to eliminate Air Traffic Control services is unacceptable. 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 one 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.

***Airline Safety and FAA Extension Act of 2010***

This legislation mandated that the Federal Aviation Administration require pilots to complete 1,500 flight hours before they're allowed to apply for an airline position. This has decimated the regional airline industry. Iowa has already lost service in Fort Dodge and Mason City. Airlines are unable to hire qualified pilots and more communities will lose service unless this legislation is repealed. This legislation does nothing to promote safety and is destroying an industry.

The Airline Safety and FAA Extension Act of 2010 mandated that the Federal Aviation Administration require pilots to complete 1,500 flight hours before they're allowed to apply for an airline position. This requirement seriously threatens the regional airline industry. Iowa has already lost service in Fort Dodge and Mason City. Airlines are unable to hire qualified pilots and more communities will lose service unless this legislation is amended or repealed. This legislation does little to promote safety.

**Requested Action:**

Support the proposed Air Carrier Enhanced – Part 121 Pilot Training Program (ACE R-ATP) Pathways program.

**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 occurring and has seen no statistical evidence to support those claims.

**Requested Action-** Deposit all jet fuel taxes into the trust fund where they belong.

### **User Fees**

We believe user fees will damage the fragile general aviation environment. Jet A or aviation fuel already exceeds \$5.00 per gallon and in some locations \$7.00 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.

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