

September 17, 2019

Open Letter to Members of Congress: Oppose Higher Taxes on Airline Travelers

Dear Members of Congress,

On behalf of the undersigned organizations, representing taxpayer interests at the local, state, and federal level, we write to express our concern with legislative efforts to increase the Passenger Facility Charge (PFC). While we are open to solutions to address needs relating to infrastructure, we believe that placing additional financial burdens on the traveling public, without corresponding reductions to other government charges on airfares or reforms to how those charges are levied, would be shortsighted and ill-advised. There are more accountable and better-calibrated options for the future of aviation investment than a massive PFC hike.

As you know, per limits established by Congress, airports are unable to charge consumers a PFC above \$4.50 per enplanement, or \$18 per round trip ticket. For a family of four, the collective PFC cost can total more than \$70, a significant expense added onto an already expensive ticket price. Government mandated taxes and fees can already account for more than a fifth of a “bargain” domestic ticket price, giving air travel the dubious distinction of being one of the highest-taxed activities in the economy. In fact, it is not unusual for a middle-class American to pay a higher tax burden (over 20 percent) on an airline ticket than on a 1040 tax return.

Some justify their support for a higher PFC due to inflation, which has eroded its purchasing power. However, according to financial reports from the FAA, consumers paid more than \$3.5 billion solely in PFCs, more than double what they paid in 2000, and increased nearly 50 percent faster than inflation. Meanwhile, PFC revenue has climbed each year since 2000, save the two years during the great recession.

Others argue that despite record amounts of cash on hand at airports, and a recent billion-dollar increase in federal Airport Improvement Grants, a higher PFC will offer flexibility to build more gates and other features that will help smaller carriers to compete with legacy airlines. Yet, the head of the association representing ultra low cost carriers (ULCCs) told the House Transportation and Infrastructure Committee that “[i]ncreasing travel costs by raising the PFC is much more of a threat to passengers’ access to air travel than gate availability at airports across the country. Raising the PFC will drive highly price-sensitive customers away, which is the ULCCs primary market.”

Modernization of the American air transportation system can be done in a fiscally-responsible and free-market fashion that does not result in higher ticket prices on consumers. Congress has many options to achieve such a goal, such as reforms to the Air Traffic Control system and the Anti-Head Tax Act of 1973 to make the PFC a truly accountable user fee collected directly by airports. At the same time, public officials should examine remaining impediments to private management of airports; for example, long-term leasing arrangements to private entities are more prevalent in Europe.

Instead of pursuing avenues to squeeze travelers, lawmakers should be doing everything in their power to limit consumer burdens. We stand ready to help deliver reforms that will strengthen passenger air travel, and with it the entire American economy.

Sincerely,



National Taxpayers Union



Alabama Policy Institute



Alaska Policy Forum



American Consumer Institute



Americans for Tax Reform



Consumer Action for a Strong Economy



Civitas Institute (NC)



Idaho Freedom Foundation



Less Government



MacIver Institute for Public Policy (WI)



Maine Heritage Policy Center



Mississippi Center for Public Policy



Nevada Policy Research Institute



Pelican Institute