

## (March 29, 2007) Airport wants to up ceiling on tax

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Chicago aviation officials told members of a House transportation subcommittee Wednesday that a passenger-fee increase of up to 67 percent is needed to help cover costs of upgrading and expanding airports.

The proposal calls for increasing the authorized tax level to a maximum of \$7.50, from \$4.50 -- more than the increase sought by the Federal Aviation Administration. It also would tie future ceilings for the tax -- called a passenger facility charge -- to inflation. The last increase was 17 years ago.

"Without the proper financing for capacity-increasing projects, it will be difficult for airports to safely and efficiently accommodate this substantial growth in air traffic," Chicago Aviation Commissioner Nuria Fernandez told the House Transportation Committee's aviation subcommittee.

"The ability of airports to find a reliable source for their capital needs will be critical to the future of aviation," he said.

Chicago officials say market principles and agreements with the airlines will determine the level of the tax that they would actually impose. They say lifting the tax cap will only increase the flexibility of each airport's ability to tap a financing source.

The FAA has asked for an increase of 33 percent, to \$6.

Illinois lawmakers who attended the hearing said afterward that they were leaning toward support of a fee increase.

"I'm certainly hoping to do that," said Democratic Rep. Daniel Lipinski, of Chicago's southwest suburbs. "We need to look at (passenger ticket taxes) in the bigger picture of airport funding and where the funding is going to come from."

Rep. Jerry Costello, a Belleville Democrat who chairs the aviation subcommittee, said he supports a tax increase, but "as to what level, that is yet to be determined; we're studying that."

Chicago officials have said they want to use existing passenger ticket taxes to cover some of the growing costs of expanding O'Hare -- about \$270 million from the current fee structure and none from any new taxes.

That proposal would need the approval of the FAA, which has said the number of passengers boarding flights at O'Hare is expected to increase to 53 million in 2020, from 37 million in 2006. Midway Airport also is expected to see a major increase, to 16.3 million boarding passengers in 2020, from 8.9 million last year.

Douglas Kimmel, airport manager for Williamson County Regional Airport in southern Illinois, said the airport would nearly double its 2006 revenue, to about \$82,000, if the fee reached \$7.50, the level advocated by the American Association of Airport Executives.

James Healy, a member of the DuPage County Board, which runs the fourth-busiest airport in Illinois, also testified in favor of a passenger tax of "no less than \$6," and said he was representing the National Association of Counties, which has 3,100 county members