

## (March 28, 2007) Chicago wants big hike in ticket tax for airports

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(Crain's) - Chicago is joining other cities in pushing for a big increase in the ticket tax that goes to airport operators.

Under federal law, airline passengers now pay a passenger facility charge (PFC) of up to \$4.50 every time they take off. The revenue can be spent locally on airport safety, security, increased capacity or noise reduction.

To offset proposed reductions in other federal airport improvement funding, the Bush administration wants to increase the maximum PFC to \$6.

That "is a step in the right direction, but it does not go far enough," Chicago Aviation Commissioner Nuria Fernandez said Wednesday at a hearing of the U.S. House of Representatives aviation subcommittee. "We recommend that the Congress set the PFC cap at \$7.50 and index it to inflation."

Since it was first enacted in 1990, at \$3 per takeoff, "inflation and the dramatic rise in construction costs have contributed to the erosion of the PFC's original impact," she added. In 2000 the maximum was raised to \$4.50, which would be \$7.20 today if adjusted for inflation.

Ms. Fernandez noted that reliable and adequate federal funding is needed to increase capacity at O'Hare International Airport, which is projected to see 53 million departing passengers by 2020, up from 37 million last year. Midway Airport's passenger load is expected to nearly double by then to 16.3 million enplanements.

But Ms. Fernandez came out against an airport congestion management proposal by the Bush administration that would allow the Federal Aviation Administration to impose measures to reduce delays at certain airports, such as higher fees for flights during peak travel times.

"Market-based mechanisms such as congestion pricing schemes or auctions can be anti-consumer, anti-competitive and can hurt the ability of the airport to control the pricing for its landing fees," according to her prepared statement, which she summarized for the panel. "The city requests that the airport retains control over any congestion management program and that proceeds from the program go directly to the airport for use in capacity enhancing projects."

Big airports that generate a lot of PFC revenue would come out ahead under the trade-off proposed by the Bush administration, according to the U.S. Government Accountability Office. But many House Democrats are concerned that smaller airports are likely to be worse off than before.

"We need to continue to look at PFCs in terms of the bigger funding picture and how PFCs fit into that," says Rep. Dan Lipinski, D-Chicago. "I've not come to a position yet on increasing PFCs."