

The *Federal Flyer*

A Publication of the Legislative Affairs Office, Texas Department of Transportation

March 10, 1999

Vol. V, No. 2

House Committee Unveils AIR 21 *Off-Budget, Fee Increases Are Features*

The House Transportation and Infrastructure Committee on Thursday introduced and the Aviation Subcommittee yesterday marked up its multi-year reauthorization legislation for the Federal Aviation Administration and its airport improvement and operations programs.

The bill (H.R. 1000) represents the committee's determination that the Aviation Trust Fund be taken off-budget so that all available revenues can be used to improve the nation's airport system. The bill would increase federal spending on aviation programs over the next five years.

Entitled the "Aviation Investment and Reform Act for the 21st Century," or AIR 21, HR 1000 would spend approximately \$90 billion in federal funds over five years to upgrade U.S. airport and air traffic control facilities.

The committee's bill introduction comes only a few days before the House Budget Committee will lay

out its proposed Fiscal Year 2000 budget. The transportation committee leaders hope to make clear their intention to change the budgetary treatment and funding of federal aviation programs this year.

"The Transportation Equity Act for the 21st Century (TEA 21) only completed part of the job of ensuring that transportation excise taxes are spent for their intended purpose. To finish it, the congressional budget resolution must allow Aviation Trust Fund expenditures to use all the revenues they take in," the committee said in a report released last week.

While the committee is seeking the authority to use all available Trust Fund dollars for aviation purposes, it is also pushing to keep general fund support for FAA

programs – which amounts to almost a third of the agency's budget.

If the off-budget argument does not win, the committee hopes to ultimately be able to follow the example set in TEA 21, by creating a "firewall" within the budget for aviation program funding.

Funding Levels in AIR 21. The target of the bill would be to gradually increase FAA funding, which was approximately \$10 billion in FY 1999. Under AIR 21 in FY 2000, the funding would increase to \$15.3 billion. In the subsequent years, the funding would be as follows: \$16.4 billion in FY 2001, \$17.9 billion in FY 2002, \$19.2 billion in FY 2003, and \$20.3 billion in FY 2004.

Within the totals, the largest part of that increase would be directed to the Airport Improvement Program (AIP). While AIP funding was authorized at \$2.4 billion in the current year, AIR 21 would boost the amount to \$5 billion in FY 2000 and hold it there for the entire five-year period.

In contrast, FAA operations and the facilities and equipment account are slated for more modest increases. For example, operations would increase from FY 1999's \$5.5 billion to \$6.1 billion in FY 2000. In the remaining years, operations would receive \$6.7 billion in FY 2001, \$7.3 billion in FY 2002, \$8 billion in FY 2003, and \$8.7 billion in FY 2004. Facilities and equipment would rise from \$2.08 billion in FY 1999 to \$3 billion in FY 2000 and then be held at that level for the remainder of the reauthorization period.

Texas Aviation Wins under AIR 21. Texas is the third largest recipient of AIP funds administered by FAA. Texas commercial service airports would receive approximately \$136 million annually of airport entitlement funding under the AIR-21 entitlement, a \$91 million increase from their annual entitlement under the current AIP.

In addition, Texas general aviation and reliever airports should see tremendous funding increases. Right now, the FY 1999 AIP is set at \$1.7 billion of which Texas should receive a total of \$21 million for the state block grant to general

aviation and reliever airports. To date, Texas has received \$9 million and would receive the remaining \$12 million for FY 1999 if a FAA reauthorization extension is passed. Under AIR 21, the Texas state block grant could grow to approximately \$61.8 million per year.

Possible Budget Battle. HR 1000 is likely to become the target for the House Budget Committee, who in its own FY 2000 budget plan has targeted the AIP for reductions. Overall, AIR 21 is about \$30 billion over what is provided for FAA in the budget baseline. There are, however, \$27 billion in Aviation Trust Fund revenues that, under the baseline, would not be spent during the five-year period. If these funds were allowed to remain in the trust fund, the balance would grow to \$90 billion by FY 2009.

PFC Increase. AIR 21 also proposes to raise the Passenger Facility Charges (PFCs) that airports can charge customers. The PFC increase, from the current \$3 to \$6 per passenger, would help airports pay for needed airport improvements and free up other funds for use by smaller airports.

The airline industry sharply criticized a smaller PFC

increase put forward by the Administration (raising the PFC to \$5) as a new tax. The PFC increase is designated to be used only for high-priority airport improvement, safety, noise mitigation, and congestion-reducing projects.

Competition Changes. In introducing the legislation, **Aviation Subcommittee Chairman John Duncan** (R - Tennessee) stated that the bill would also eliminate the current slot restrictions at Chicago's O'Hare Airport, New York's Kennedy Airport, and New York's La Guardia Airport in an effort to increase competition at those airports.

What's Next? AIR 21 is scheduled for full committee markup on March 11. The Senate's two-year FAA reauthorization bill (S 82) is stalled over airport slot changes. So, with the March 31 expiration quickly approaching, Senate Appropriations Subcommittee on Transportation **Chairman Richard Shelby** (R - Alabama) inserted a provision within the FY 1999 Supplemental Appropriations bill on March 4 that would extend FAA programs to May 31, allowing Congress more time to complete the FAA reauthorization bill.

The *Federal Flyer* is a publication of the TxDOT Legislative Affairs Office. It is intended to provide up-to-date information on major legislative activities in the 105th Congress for the management of the Texas Department of Transportation, state leaders, and others interested in Texas transportation issues. This report will also feature key activities in the national transportation community. Sources include news services and staff reports.

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