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Eliminate Federal Cap on Local Passenger Facility Charges

Request: Airports are urging Congress to eliminate the federal cap on local Passenger Facility Charges (PFCs). Eliminating the PFC cap would provide airports with the resources they need to build critical infrastructure projects and create jobs at a time when federal funds are becoming increasingly scarce.

Background: The PFC program has helped airports increase safety, security and capacity and mitigate aircraft noise for 20 years. Large and small airports around the country rely on PFC revenue to finance a variety of infrastructure projects including new runways, taxiways, and terminals.

The Aviation Safety and Capacity and Expansion Act of 1990 included a provision that allowed airports to collect a local fee of up to $3 on passengers boarding aircraft at their facilities. Congress has not adjusted PFC cap since 2000, when it raised the cap to $4.50. Airports collected slightly more than $2.7 billion from PFCs in 2011.

Why Should Congress Eliminate the PFC Cap?

- Eliminating the PFC cap would provide airports with the local revenue they need to finance critical safety and capacity projects at a time when many in Congress, the Administration and independent commissions are proposing drastic cuts in AIP funding.

- Eliminating the PFC cap would open the door for airports to use more local funds to pay for their infrastructure projects. The Administration's modest proposal to raise the cap from $4.50 to $7 would generate approximately $1.3 billion per year for critical safety, security and capacity projects at airports around the country.

- Eliminating the cap would also create and support much-needed jobs. According to the Department of Transportation (DOT), every $1 billion invested in transportation infrastructure supports approximately 28,000 jobs. Lifting the PFC cap could help stimulate the economy by supporting tens of thousands of good-paying jobs every year.

- It is important to note that PFCs are not taxes. PFCs are not collected by the federal government, not spent by the federal government and not deposited into the U.S. Treasury.

- PFCs are local user fees charged to passengers using airport facilities to help defray the costs of building airport infrastructure. PFCs are imposed by state and local governments – not the federal government – and are collected by the airlines.

- Eliminating the PFC cap is long overdue. Congress hasn't adjusted the PFC cap since 2000, when lawmakers raised the cap from $3 to $4.50. Since then construction costs have increased dramatically and significantly eroded the value of PFCs.

- It's time for the federal government to get out of the business of imposing an arbitrary federal cap on locally-generated funds. State and local governments – not the federal government – should have the authority to decide what the PFC level should be at their respective airports.

Who Benefits from Eliminating the PFC Cap?

- Eliminating the PFC cap would help airports of all sizes – including the busiest airports in the country – enhance capacity and improve safety. According to the FAA, "new runways and runway extensions provide the most significant capacity increases."

- Small airports would also benefit from lifting the PFC cap. Even though small airports generally rely more on AIP to pay for infrastructure projects, many small airports collect PFCs to augment their AIP funding and to help pay the local matching requirement for AIP funds.

- Lifting the PFC cap would also benefit passengers by helping airports increase capacity and reduce flight delays. Reducing delays would help mitigate one of the biggest complaints that passengers have with commercial air service.