

Statement of Greg Richardson, Hartsfield-Jackson Atlanta International Airport
Hearing on “Trade Infrastructure for Global Competitiveness”
Before the House Committee on Ways and Means Subcommittee on Trade
February 6, 2020

Chairman Blumenauer, Ranking Member Buchanan, members of the Subcommittee and other members of the Ways and Means Committee, thank you for inviting me to speak today on Trade Infrastructure for Global Competitiveness. My name is Greg Richardson. I am a Deputy General Manager and Chief Financial Officer at Hartsfield-Jackson Atlanta International Airport, the world’s busiest passenger airport, also designated the most efficient in North America. I am honored to appear before the Subcommittee to provide an airport’s perspective on global competitiveness.

Hartsfield-Jackson is a major economic generator for its region. Based on a recent study, the economic impact of the airport to metro Atlanta, the state of Georgia and the surrounding region is approximately \$82.4 billion. Additionally, more than 448,000 jobs are attributed to activities at the airport for this same region. Although the figures will vary throughout the industry, airports across the country have this same fundamental impact on their respective regions. For Atlanta, the connectivity to the world via the airport has certainly driven this economic impact, and that connectivity has encouraged several Fortune 500 companies such as Delta Air Lines, Home Depot, Coca-Cola, UPS and AGCO to choose Atlanta as their corporate and North American headquarters.

As mentioned previously, and what may have been a surprise to some of you, Hartsfield-Jackson is the busiest passenger airport in the world handling over 110 million passengers in 2019, and this figure is expected to grow over the next several years. And growth is not isolated to Atlanta. Air travel throughout the United States is expected to grow considerably, intensifying the strain

on the infrastructure of our nation's airports. What needs to be understood is that tourism is travel dependent, travel is experience dependent, and experience is infrastructure dependent. Thus, to impact tourism, we first need to have a positive impact on infrastructure redevelopment and investment. Expansion and modernization of current facilities, gate additions to accommodate growing traffic and competition, enhanced roadways and curbside access to reduce congestion are just a few of the major improvements needed in airports to enhance our global competitive edge.

Additionally, the high adoption of technology in everyday life exerts pressure on airports to continue that experience throughout the passenger journey. Utilizing self-service equipment at critical passenger touchpoints such as check-in kiosks, automated baggage tagging and baggage drop will improve efficiency and the overall experience. And now, biometrics promises to further the self-service potential by removing the need to match travel records with identity. ATL's hometown carrier, Delta Air Lines, has introduced a small-scale fully biometric ecosystem, where a passenger can check in, clear the TSA checkpoint, and board the aircraft without producing an ID or travel document. In order to enable this technology on a large scale, airports must make significant investments not only in the hardware and software itself, but also in both data and physical infrastructure.

Creating a better, safer and more modern experience on par with other international airports is key to driving perception in international tourism.

On par with the significance of international tourism is that of international trade via cargo. Airports in the United States are competing to be the entry point for goods shipped from international cities. This "zero-sum" game must be modified. Airports, in concert with state and local economic development groups, commerce organizations and local businesses must identify

new and existing markets for the import and export of goods to and from their region through the development of business and trade relationships with international cities and airports. Cargo, just like passengers, has a journey or experience requiring immediate attention. Technological advancements to improve ground handling and plane to truck distribution will enhance efficiencies. A more large-scale infrastructure need is intermodal connectivity. Intermodal connectivity is a necessary and well-established method of moving freight from international gateways to smaller communities that depend on trade to drive economic activity in a series of downline communities.

This connectivity is essential to efficient and timely trade. While sea-to-rail and sea-to-road transportation is well-established in the United States, airport-to-rail is not, and airport-to-road is only now beginning to reach the maturity necessary to grow cargo traffic.

Airports and railroad infrastructure were largely developed independently, and in the United States, the focus in the past 20 years has been on passenger connectivity to airports via rail, which is a vital element in international travel and tourism. This leaves cargo freight movements highly dependent on over-road delivery for regional penetration. On its face, this is not a challenge, but the aging highway infrastructure and the increasing level of congestion around rapidly growing urban areas like Atlanta means that despite getting from an aircraft to a truck quickly, freight shipments may experience costly delivery delays. Intermodal transportation as a hub concept, combining air, rail and road is a proven method of stimulating international trade. Lastly, future cargo mix will increasingly evolve towards small packages. Automation, therefore, should be flexible to handle both pallets and piece-level shipments.

So, how do we fund the necessary infrastructure improvements for airports? Airports in the United States are self-sustaining enterprises within a local or state governmental structure. Revenues are generated mainly via airline agreements, parking, concessions, and car rentals, and those revenues are used to support the overall operations of the airport. Any net revenue accumulated each year funds elements of our capital program. Given the size and scope of many of these projects, the annual net revenue is insufficient to fund the entirety of our capital programs. The primary sources of funding for capital development are Passenger Facility Charges (PFCs), Airport Improvement Program (AIP) grants and General Airport Revenue Bonds (GARBs).

In the context of this conversation, I would be remiss if I did not encourage this body to participate in necessary conversations regarding the increase of the current \$4.50 cap for PFCs, which has been unchanged for 20 years. PFCs are a user fee. PFCs are local funds used for FAA approved projects at airports to enhance safety, security and facilitation of passengers and goods. As local funds, an increase in the PFC cap will enhance the global competitiveness we are discussing today, without any impact to the federal budget. PFCs are not meant to be the sole mechanism to promote development; but should be seen as a major component in the capital program of an airport, ensuring it maintains the necessary balance between cost to the airlines and overall infrastructure development.

Additionally, access to the capital market is important to airports as we strive to maintain the lowest cost possible for the traveling public. Use of tax-exempt municipal bonds and private

activity bonds is a significant source for airport projects, and ensuring continued access to these markets is critically important to airports and their various stakeholders.

Airports have matured into successful enterprises over the past 20 years, and as such have been a catalyst for economic growth and prosperity in their respective communities and regions. In order to sustain that growth and remain competitive for tourism and trade, we are ready to engage in proactive collaboration with our governmental partners to enhance the passenger experience, and to ensure access to needed capital so we can focus on infrastructure improvements to benefit the nation, regions such as metro Atlanta, and the businesses and employees who rely on our ability to remain globally competitive.

Mr. Chairman, I thank you and the members of this Subcommittee for calling attention to this issue. I welcome any questions you may have and look forward to working collaboratively with you on this issue of national importance.