

**STATEMENT OF
THE HONORABLE JAMES L. OBERSTAR
BEFORE THE HOUSE WAYS AND MEANS COMMITTEE
HEARING ON THE FINANCIAL STATUS OF THE AIRPORT AND AIRWAY TRUST FUND
MAY 7, 2009**

Chairman Rangel and Ranking Member Camp, thank you for holding today's hearing on the *Financial Status of the Airport and Airway Trust Fund*. I am here today to urge the Committee on Ways and Means to promptly report legislation to renew the taxes supporting the Airport and Airway Trust Fund (Trust Fund), with a small increase to ensure uninterrupted funding of the development of our nation's airports and air traffic control (ATC) system for the next four years. The authorizations and taxes now supporting the Trust Fund expire on September 30, 2009.

In February, Chairman Costello and I introduced H.R. 915, the "FAA Reauthorization Act of 2009." H.R. 915 provides historic funding levels for the Federal Aviation Administration's (FAA) capital programs. Between fiscal year (FY) 2009 and FY 2012, the Act would provide \$16.2 billion for the Airport Improvement Program (AIP), and nearly \$13.4 billion for FAA Facilities & Equipment (F&E). In addition, the "FAA Reauthorization Act of 2009" provides \$39.3 billion for FAA Operations over the next four years. In total, if we include the \$1 billion four-year authorization for Research, Engineering and Development (RE&D) proposed by the House Science Committee, as well as small community service and other programs,

this would bring funding for aviation programs to approximately \$70 billion. These authorized funding levels will permit the FAA to go forward with its Next Generation Air Transportation System (NextGen) plan to use satellite navigation in the ATC system, increasing the capacity and efficiency of the system. The bill will also fund needed airport development, and a substantial portion of the expense of operating the ATC system. I cannot stress enough the importance of moving this legislation quickly, as we are already almost two years behind schedule in reauthorizing these programs. Airport development capital projects and key NextGen programs need the stability that a multi-year authorization bill provides.

I believe that the programs we have authorized can be funded by existing aviation excise taxes, coupled with a reasonable General Fund contribution that is consistent with what the industry has requested, and a relatively small increase in revenue derived from general aviation fuel taxes.

Over the years, the aviation excise taxes that support the Trust Fund have proven to be a stable and adequate source of funding for aviation programs, without imposing undue administrative burdens on system users. Changes to the current system of excise taxes should be made only if such changes will improve upon this record of stability, revenue adequacy, and ease of administration.

I also believe it is equitable for general aviation users to pay somewhat more than they are currently paying. The taxes general aviation pays are a flat cents per gallon fuel tax, and have not been increased to account for inflation in over 15 years. Although general aviation turbine and general aviation piston, respectively, operate about 8.3 percent and 7.8 percent of the flights using the ATC system, these users now respectively contribute only about 2.9 percent and 0.3 percent of the Trust Fund revenues that support the system.

Therefore, I recommend that the Committee on Ways and Means increase the general aviation jet fuel tax rate from 21.8 cents per gallon to 35.9 cents per gallon, and increase the aviation gasoline tax rate from 19.3 cents per gallon to 24.1 cents per gallon. This is the same increase that the Ways and Means Committee reported in 2007, and that passed the House on September 20, 2007 by a 267 to 151 vote. It is worth noting that general aviation operators support this proposal, and that witnesses representing the Aircraft Owners and Pilots Association and the National Business Aviation Association appeared before the House Aviation Subcommittee this year and testified in favor of it at our February 11th hearing.

While I believe that general aviation should pay somewhat more, I do not believe that the airlines should pay less than what they are paying now. Airlines will receive by far the most benefit from NextGen-related capital investments, which will

make airlines more efficient and more profitable. Airlines stand to save billions of dollars annually from fuel savings, more reliable block times and other efficiencies provided by NextGen.

In conclusion, I hope you will move forward promptly with legislation to continue the taxes supporting the Trust Fund, with a small increase in general aviation fuel taxes for the next four years.