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AIRPORT AND AIRWAYS SYSTEM DEVELOPMENT
ACT OF 1979

GOVERNMENT
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HEARINGS

BEFORE THE

SUBCOMMITTEE ON AVIATION

OF THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION

UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

S. 1581

TO PROVIDE FOR THE EXPANSION AND IMPROVEMENT OF
THE NATION'S AIRPORT AND AIRWAY SYSTEM, FOR THE
IMPOSITION OF AIRPORT AND AIRWAY USER CHARGES, AND
FOR OTHER PURPOSES

S. 1648

TO PROVIDE FOR THE IMPROVEMENT OF THE NATION'S
AIRPORT AND AIRWAY SYSTEM, AND FOR OTHER PURPOSES

SEPTEMBER 10, 11, 12, AND 13, 1979

Serial No. 96-58

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AIRPORT AND AIRWAYS SYSTEM DEVELOPMENT ACT OF 1979

MONDAY, SEPTEMBER 10, 1979

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
SUBCOMMITTEE ON AVIATION,
Washington, D.C.

The committee met at 10:05 a.m., in room 235, Russell Senate Office Building, Hon. Howard W. Cannon (chairman of the committee) presiding.

OPENING STATEMENT BY THE CHAIRMAN

The CHAIRMAN. The hearings will come to order.

This morning's hearing marks the beginning of this committee's examination of the Airport and Airways Development Act. That act was passed in 1970 with a 10-year life and its tax provision sunsets on July 1 of next year. With consideration of this legislation needed by four congressional committees, I believe it's important that this committee proceed rapidly in its action on ADAP reauthorization if we are to meet the law's deadline.

Within our tight time limit we must address a number of important issues—expenditures legislation for the trust fund programs, recommendations to the Finance Committee for corresponding tax levels, reducing the fund's unconscionable surplus of \$3 billion, improve reliever airports, and the amount of State involvement in the administration of ADAP and many other important considerations.

However, most of these are really questions of degree. How much should we fund each program with our limited resources and questions of funding versus no funding.

There is, however, one yes or no question facing the committee as a result of the introduction of S. 1648, which was introduced by Senators Packwood, Schmitt, and myself. That question is: Do we or do we not continue the eligibility for Federal funds at the larger airports capable of meeting their own capital needs?

Since the introduction of S. 1648 and the concept of defederalizing the larger airports have been discussed, an interesting parallel has developed. Just as in the airline deregulation debate, some executives are unhappily out from under the protective and stifling umbrella of Federal controls while others fought for their existing security. So, too, am I finding some airport operators eager for the opportunity to be free of the reward and punishment treatment available from the Federal Government while others insist that

they are not yet ready to run their airport without the Federal Government's assistance.

I believe a key question for the committee on this issue should be: Can we satisfy ourselves that these larger airports are capable of financing their own improvements? If the answer to that question is yes, then I, for one, do not believe the Federal Government should stay involved just because some airport operators have not efficiently and effectively exercised their proprietary rights.

Airline deregulation was written to reward the efficient airlines and to penalize the inefficient even to the point of extinction. Airport defederalization presents a much narrower range of possibilities. The airport which effectively exercises its rights as a landlord will be able to construct improvements at its own pace, whereas the operator who gives control to the airline tenants will get improvements at the rate the airlines are willing to pay for them. Never will the penalty for inefficiency be so severe as to threaten the existence of an airport in a large or medium hub category as these airports are the key generator of revenues for the airlines.

However, in no event do I believe we have an obligation to write a Federal law to protect the inefficient operator of a multimillion-dollar facility who has voluntarily chosen to forfeit exercising the rights which other operators do exercise.

One legitimate concern that's been expressed is that some airports have long-term contracts which would make it difficult to replace Government ADAP by increasing airline rates and charges. It's my hope that the airlines and airports can get together on some compromise on which to assure airport operators the opportunity to replace their lost ADAP. If those two groups do not present language to the committee, I would select a compromise to recommend to my colleagues for them and I feel certain that I can assure both parties they would be better off to come forward with their own suggestions.

Perhaps the most important feature of this legislative package is the 6-percent tax reduction on airline tickets. That would represent more than a \$5 billion savings in air fares over the next 5 years even after accounting for increased charges at larger airports. Ticket prices will be reduced by 6 percent if this legislation is enacted and considering last week's 9½ percent emergency fare increase for rising fuel costs, I believe this deflationary impact is badly needed.

Less Federal Government intrusion in our lives and our businesses is more than a cliché to be used in political speeches for the members of this committee. Our past record and I hope our future record bears out this group of legislators' active commitment to defederalization.

In closing, I want to announce that while I have not made up my mind as to the final form I wish the ADAP legislation to take, my wife and my family have told me they would support whatever decision I make.

Senator Packwood, do you have an opening statement?

OPENING STATEMENT BY SENATOR PACKWOOD

Senator PACKWOOD. Yes, I do, Mr. Chairman. I want to reiterate my strong endorsement of the Airport and Airway System Develop-

ment Act which I have cosponsored with you, along with Senators Inouye and Schmitt.

We have all been overwhelmed with complaints from airport operators in our States who are completely frustrated with the Federal Government's refusal to release funds for their airports from the Aviation Trust Fund. They rightly argue that the aviation community and users of the industry put the money in the trust fund and now want it back so that airport development and safety needs can be met. Suffering particularly are the small and general aviation airports. There are plenty of complaints in my State and I find myself totally unable to defend the current program.

The Airport and Airway System Development Act provides the answer—higher funding, much increased minimum funding for relievers, and the elimination of Uncle Sam where he's no longer needed and not doing the job.

I am strongly in favor of any program that can be defederalized and decentralized. I believe this one can work and that with a reduced program to administer the FAA can do a more effective job of working with the remaining airports whose needs have long been neglected.

The aviation industry is a unique one. It is the only mass transportation system which is paying for and supporting itself. That is a feat in itself. Thanks to deregulation, the aviation industry is prospering and growing. Not only that, but we see an opportunity to deregulate it further. I like it and will provide whatever impetus I can to see that it works.

Now I understand that the airport operators and carriers have still not worked out an acceptable arrangement so that funds equivalent to the airport development aid program funds will flow directly to the airport from the carriers. I encourage them to continue their negotiations. The end result makes reaching an accommodation worth it. We will find that projects can be better planned without Federal interference. Furthermore, as I understand it, large and medium hubs only depend on ADAP funds for a very small percentage of their overall budget, somewhere between 5 and 14 percent. I am confident that the difference can be made up.

In my State, the only airport to be eliminated from the program is Portland. They have expressed confidence that they can make it if an acceptable agreement can be reached with the carriers for the loss of ADAP funds.

I am also hopeful that with a reduction in the size of the program the smaller airports in Oregon and throughout the country will receive the financial attention they need.

There is one other very favorable aspect of this deregulation program. Projects will cost less without Federal intervention. One layer of bureaucracy will be removed and construction and purchase of equipment will occur in a timely manner on an as-needed basis. While I know there is still some resistance to this program, I encourage those who are negotiating to maintain their positive views. Any time sweeping changes in a program are proposed there is always some fear of the unknown. By pooling our resources and working together we can put together a new program that will be effective. We all know the old program has not worked well.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Kassebaum, do you have a statement?

OPENING STATEMENT BY SENATOR KASSEBAUM

Senator KASSEBAUM. Mr. Chairman, my compliments to you, Senator Cannon, for initiating a fresh look at the airport development aid program—ADAP. The concept of eliminating those airports from the Federal program which are capable of generating sufficient revenues on their own to meet airport development needs is a healthy one. You were at the forefront of the deregulation movement, never doubting that the program could work, and you, no doubt, will make believers out of many that airport deregulation can work, too. I would like to help you in that effort. While I have some reservations about certain aspects of this legislation which I hope to explore over the next few days, I feel confident that the overall theme is the right one.

The ADAP program, as we know it today, is not working. Now is the time to consider constructive changes, rather than being satisfied with just increasing funding levels. However, funding levels must be increased. A General Accounting Office report indicates that \$10 billion will be needed over the next 10 years to develop the national airport system. S. 1648 recommends a \$7 billion increase in trust fund expenditures over the next 5 years.

In particular, I want to address my comments to three provisions contained in the Airport and Airway System Development Act about which I have some concern.

With the substantial growth in airline traffic over the past few years, there is an imminent need to insure adequate funding of reliever airports. This is becoming increasingly a question of safety—separating air carrier and general aviation traffic and taking pressure off the large hubs. While I am pleased to see that the Cannon-Packwood proposal guarantees a minimum of \$150 million for relievers over the next 5 years, I worry that this sum is not sufficient. A detailed study released in February of this year by the General Aviation Manufacturers Association indicates an immediate need of \$250 million to properly fund these airport needs. While GAMA is willing to admit that all of these projects cannot be immediately funded, I think we ought to reexamine the funding levels for relievers.

Second, I see no reason to increase the general aviation fuel taxes at this time. The cost allocation study conducted by the FAA last year supporting increases in GA taxes recommended that efforts ought to be made to gradually establish parity over 5 to 10 years between the relative proportion of allocated cost recovered by user taxes from air carriers and from general aviation. With a reduction in the airline passenger ticket tax from 8 to 2 percent, there will be a new relationship between air carrier and general aviation contributions to and use of funds in the trust fund. Further, I see no reason to implement any new taxes when there is such a large surplus in the fund.

For these same reasons, I am unsympathetic with administration proposals to impose a 6-percent tax on general aviation avionics and aircraft. That same FAA study projected that "an excise tax on avionics may have minor effects on aviation safety by discourag-

ing purchases of new equipment." With there being absolutely no need to increase trust fund revenues at this time, it is senseless to take any steps to increase GA taxes on avionics, possibly even inhibiting the purchase of safety devices for general aviation aircraft.

Last, I know we will be taking a very close look at the possibility of States assuming a new role in the administration of airport development funds. Because of the requirement in the bill that States must put up 10 percent of the matching funds, there is some legitimate concern that general aviation fees and charges will be raised in order to enable States to put up their 10 percent. I would like to learn more about this. Some also fear a new layer of redtape at the State level. Certainly we don't want that.

The Budget Committee, on which I serve, has received testimony from the National Governor's Association favoring a State role in ADAP. If that can be accomplished to the benefit of all involved, it ought to be done. But, we must be careful we don't create more problems than we solve. This transition, if made, ought to be a smooth one.

There are some provisions in the Airport and Airway System Development Act which I am especially glad to see—the 90 : 10 ratio for small airports, the potential funding for privately owned airports, and, of course, the elimination of large and medium hubs, if possible, from the program. This latter provision will enable the FAA to concentrate more attention on small and general aviation airport needs. Combining discretionary funds into one large category, while it does not guarantee that each airport will receive the financial assistance it wants, will enable the Secretary to move money around more freely to meet true priority needs. With large and medium hubs out of the program, there will be less competition for the money. Many airports in Kansas, and throughout the country, have complained about insufficient funds to even begin, much less, complete a project. I am hopeful that this method of handling discretionary funding will prove more helpful.

The Airport and Airway System Development Act is an innovative and timely approach to airport funding. I hope to help you, Senator Cannon, refine it and get it through Congress quickly.

Thank you.

[The bills follow:]

96TH CONGRESS
1ST SESSION

S. 1581

To provide for the expansion and improvement of the Nation's airport and airway system, for the imposition of airport and airway user charges, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 26 (legislative day, JUNE 21), 1979

Mr. CANNON (by request) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To provide for the expansion and improvement of the Nation's airport and airway system, for the imposition of airport and airway user charges, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—AIRPORT AND AIRWAY**
4 **IMPROVEMENT ACT OF 1979**

5 **SECTION 1. SHORT TITLE.**

6 This title may be cited as the "Airport and Airway Im-
7 provement Act of 1979".

1 SEC. 2. DECLARATION OF POLICY.

2 The Congress hereby finds and declares—

3 that the safe operation of the airport and airway
4 system will continue to be the highest aviation priority;

5 that continuing airport and airway improvement
6 programs and more effective management and utiliza-
7 tion of the Nation's airport and airway system are re-
8 quired to meet the current and projected growth of avi-
9 ation and the requirement of interstate commerce, the
10 Postal Service, and the national defense;

11 that the Airport and Airway Improvement Act of
12 1979 should be administered in a manner to provide
13 adequate navigation aids and airport facilities, includ-
14 ing reliever airports, for points where scheduled com-
15 mercial air service is provided;

16 that all airport and airway programs should be
17 administered in a manner consistent with the provi-
18 sions of sections 102 and 103 of the Federal Aviation
19 Act, as amended by the Airline Deregulation Act of
20 1978, with due regard for the goals expressed therein
21 of fostering competition, preventing unfair methods of
22 competition in air transportation, and maintaining
23 essential air transportation; and

24 that aviation facilities should be constructed and
25 operated with due regard to minimizing current and
26 projected noise impacts on nearby communities.

1 SEC. 3. DEFINITIONS.

2 As used in this title:

3 (1) "Air traffic hub" means all of the commercial
4 service and reliever airports determined by the Secre-
5 tary to be serving the same geographical area.

6 (2) "Airport" means any area of land or water
7 which is used, or intended for use, for the landing and
8 takeoff of aircraft, and any appurtenant areas which
9 are used, or intended for use, for airport buildings or
10 other airport facilities or rights-of-way, together with
11 all airport buildings and facilities located thereon.

12 (3) "Airport development" means any of the fol-
13 lowing activities, if undertaken by the sponsor, owner,
14 or operator of a public-use airport—

15 (A) any work involved in constructing, re-
16 constructing, or improving a public-use airport or
17 portion thereof, including—

18 (i) the removal, lowering, relocation,
19 and marking and lighting of airport hazards;

20 (ii) the construction of physical barriers
21 and landscaping for the purpose of diminish-
22 ing the effect of aircraft noise on any area
23 adjacent to a public-use airport; and

24 (iii) the preparation of plans and specifi-
25 cations, including field investigations inciden-
26 tal thereto;

1 (B) the soundproofing of any school or hospi-
2 tal, or of any publicly owned health facility, oper-
3 ating as such at the time of the enactment of this
4 Act, or, when specifically approved by the Secre-
5 tary, operating as such subsequent thereto, and
6 located in an area proximate to the airport in
7 which the noise levels caused by the operation of
8 a public-use airport are not compatible with the
9 operations of such institutions;

10 (C) any acquisition or installation at or by a
11 public-use airport of—

12 (i) navigation and other aids used by
13 aircraft for landing at or taking off from such
14 airport, including any necessary site prepara-
15 tion thereby required;

16 (ii) safety or security equipment re-
17 quired by the Secretary by rule or regulation
18 for the safety or security of persons and
19 property at such airport, or specifically ap-
20 proved by the Secretary as contributing sig-
21 nificantly to the safety or security of persons
22 and property at such airport;

23 (iii) snow removal equipment;

1 (iv) noise suppressing equipment for the
2 purpose of diminishing the effect of aircraft
3 noise on any area adjacent to such airport;

4 (v) noise monitoring equipment; or

5 (vi) aviation-related weather reporting
6 equipment;

7 (D) any acquisition of land or of any interest
8 therein, or of any easement through or other in-
9 terest in airspace, including land for future airport
10 development, which is nessessary to permit any
11 airport development eligible under subsections (A)
12 or (C) of this section or to remove or mitigate or
13 prevent or limit the establishment of airport haz-
14 ards; and

15 (E) any acquisition of land or of any interest
16 therein necessary to insure that such land is used
17 only for purposes which are compatible with the
18 noise levels of the operation of a public-use
19 airport.

20 (4) "Airport hazard" means any structure or
21 object of natural growth located on or in the vicinity of
22 a public-use airport, or any use of land near such air-
23 port, which obstructs the airspace required for the
24 flight of aircraft in landing or taking off at such airport

1 or is otherwise hazardous to such landing or taking off
2 of aircraft.

3 (5) "Airport planning" means planning as defined
4 by such regulations as the Secretary shall prescribe,
5 and includes airport system planning.

6 (6) "Airport system planning" means the initial as
7 well as continuing development for planning purposes
8 of information and guidance to determine the extent,
9 type, nature, location, and timing of airport develop-
10 ment needed in a specific area to establish a viable and
11 balanced system of public-use airports. It includes
12 identification of system needs, development of esti-
13 mates of systemwide development costs, and the con-
14 duct of such studies, surveys, and other planning ac-
15 tions, including those related to airport access, as may
16 be necessary to determine the short-, intermediate-,
17 and long-range aeronautical demands required to be
18 met by a particular system of airports. It also includes
19 the establishment by a State of standards, other than
20 standards for safety of approaches, for airport develop-
21 ment at public-use airports which are not primary
22 airports.

23 (7) "Annual expenditure program" means a pro-
24 gram for the utilization of funds pursuant to a consoli-
25 dated improvement plan.

1 (8) "Block grant" means a grant of funds to a
2 participating State for distribution by such State for
3 projects contained in its approved annual expenditure
4 program.

5 (9) "Commercial service airport" means a public
6 airport which is determined by the Secretary either to
7 enplane annually two thousand five hundred or more
8 passengers and receive scheduled passenger service of
9 aircraft, or to enplane annually ten thousand or more
10 passengers.

11 (10) "Consolidated improvement plan" means a
12 three-year plan for development and planning projects
13 at one or more airports.

14 (11) "Government aircraft" means aircraft owned
15 and operated by the United States.

16 (12) "Landing area" means that area used or in-
17 tended to be used for the landing, takeoff, or surface
18 maneuvering of aircraft.

19 (13) "Passengers enplaned" means domestic, ter-
20 ritorial, and international revenue passenger enplane-
21 ments in the United States in scheduled and nonsched-
22 uled service of aircraft in intrastate, interstate, and for-
23 eign commerce as shall be determined by the Secretary
24 pursuant to such regulations as the Secretary may
25 prescribe.

1 (14) "Participating State" means a State author-
2 ized by the Secretary to receive a block grant from
3 funds apportioned under section 11(a)(3) of this title.

4 (15) "Primary airport" means a commercial serv-
5 ice airport which is determined by the Secretary to
6 have 0.02 per centum or more of the total number of
7 passengers enplaned annually at all commercial service
8 airports.

9 (16) "Primary hub" means an air traffic hub, the
10 commercial service airports of which are determined by
11 the Secretary to have 0.5 per centum or more of the
12 total number of passengers enplaned annually at all
13 commercial service airports.

14 (17) "Project" means a project for the accom-
15 plishment of airport development or airport planning.

16 (18) "Project costs" means any costs involved in
17 accomplishing a project.

18 (19) "Project grant" means a grant of funds by
19 the Secretary to a sponsor for the accomplishment of
20 one or more projects.

21 (20) "Public agency" means a State, the Com-
22 monwealth of Puerto Rico, the Virgin Islands, Ameri-
23 can Samoa, the Government of the Northern Mariana
24 Islands, the Trust Territory of the Pacific Islands, or
25 Guam, or any agency of any of them; a municipality or

1 other political subdivision; a tax-supported organiza-
2 tion; or an Indian tribe or pueblo.

3 (21) "Public airport" means any airport which is
4 used or to be used for public purposes, under the con-
5 trol of a public agency, the landing area of which is
6 publicly owned.

7 (22) "Public-use airport" means any public airport
8 or any privately owned reliever airport which is used
9 or to be used for public purposes.

10 (23) "Reliever airport" means an airport designat-
11 ed by the Secretary as having the function of relieving
12 congestion at a primary airport.

13 (24) "Secretary" means the Secretary of
14 Transportation.

15 (25) "Sponsor" means any public agency which,
16 either individually or jointly with one or more other
17 public agencies, submits to the Secretary, in accord-
18 ance with this title, an application for financial
19 assistance.

20 (26) "State" means a State of the United States
21 or the District of Columbia.

22 (27) "Trust Fund" means the Airport and Airway
23 Trust Fund established by section 208 of the Airport
24 and Airway Revenue Act of 1970, as amended.

1 (28) "United States share" means that portion of
2 the project costs of projects for airport development or
3 planning approved pursuant to section 14 of this title
4 which is to be paid from funds made available for the
5 purposes of this title.

6 SEC. 4. NATIONAL AIRPORT SYSTEM PLAN.

7 (a) FORMULATION OF PLAN.—The Secretary shall
8 review and revise as necessary the existing national airport
9 system plan to provide for the development of public-use air-
10 ports in the United States. The plan shall include the type
11 and estimated cost of eligible airport development considered
12 by the Secretary to be necessary to provide a safe and effi-
13 cient system of public-use airports to anticipate and meet the
14 needs of civil aeronautics, to meet requirements in support of
15 the national defense as determined by the Secretary of De-
16 fense, and to meet identified needs of the postal service. Air-
17 port development identified by this plan shall not be limited
18 to the requirements of any classes or categories of public-use
19 airports. In reviewing and revising the plan, the Secretary
20 shall consider the needs of all segments of civil aviation, and
21 take into consideration, among other things, the relationship
22 of each airport to (1) the rest of the transportation system in
23 the particular area, (2) the forecasted technological develop-
24 ments in aeronautics, and (3) developments forecasted in
25 other modes of intercity transportation.

1 (b) In reviewing and revising the national airport system
2 plan, the Secretary shall consult, to the extent feasible and as
3 appropriate, with other Federal and public agencies, and with
4 the aviation community.

5 (c) The Department of Defense shall make military air-
6 ports and airport facilities available for civil use to the extent
7 feasible. In advising the Secretary of national defense re-
8 quirements pursuant to subsection (a) of this section, the Sec-
9 retary of Defense shall indicate the extent to which military
10 airports and airport facilities will be available for civil use.

11 **SEC. 5. NOISE EXPOSURE DESCRIPTION SYSTEMS.**

12 Not later than one year after the date of enactment of
13 this Act, the Secretary shall, after consultation with the Ad-
14 ministrator of the Environmental Protection Agency:

15 (1) establish a single metric for measuring noise to
16 be uniformly applied in measuring the noise at airports
17 and the areas surrounding such airports; and

18 (2) establish a single procedure for calculating and
19 depicting the noise descriptor established in (1) above.
20 Such procedure shall account for the noise emissions of indi-
21 vidual aircraft, the manner and characteristics of each air-
22 craft as flown, and the frequency of operations of such air-
23 craft at an airport.

1 SEC. 6. NOISE EXPOSURE ASSESSMENT AND NOISE IMPACT
2 ABATEMENT PLANS.

3 It is determined to be national policy to encourage the
4 assessment of current and projected levels of noise caused by
5 the operation of airports in surrounding communities and to
6 identify specific actions, including compatible land use plan-
7 ning and controls, to mitigate the impacts of such noise. To
8 further such policy, the development of plans for the assess-
9 ment of noise exposure levels and for the abatement of noise
10 impacts attributed to the operation of airports shall be eligi-
11 ble for funding as airport planning under this title, provided
12 that any assessments made under such plans utilize the sys-
13 tems established by the Secretary pursuant to section 5 of
14 this title.

15 SEC. 7. APPLICABILITY OF ANTITRUST LAWS.

16 Nothing in this Act shall relieve any person (including
17 any owner or operator of any airport or any public agency
18 acting in that capacity) from the operation of the antitrust
19 laws, including the Sherman Act, the Clayton Act, and the
20 Federal Trade Commission Act, each as amended, and the
21 Federal Aviation Act, as amended.

22 SEC. 8. NAVIGATION AIDS.

23 The costs of site preparation work associated with ac-
24 quisition, establishment, or improvement of air navigation
25 facilities by the Secretary pursuant to section 307(b) of the
26 Federal Aviation Act (49 U.S.C. 1348(b)), shall be charged

1 to appropriated funds available to the Secretary for that pur-
2 pose pursuant to section 10(a) of this title. Nothing in this
3 Act shall preclude the Secretary from providing, in a grant
4 agreement or other agreement with an airport owner or
5 sponsor, for the performance of such site preparation work in
6 connection with airport development; subject to payment or
7 reimbursement for such site preparation work by the Secre-
8 tary from such appropriated funds.

9 **SEC. 9. AIRPORT IMPROVEMENT PROGRAM.**

10 (a) **AIRPORT GRANTS; OBLIGATIONAL AUTHORITY.**—
11 In order to maintain a safe and efficient nationwide system of
12 public-use airports to meet the present and future needs of
13 civil aeronautics, the Secretary is authorized to make grants
14 from the Trust Fund for airport development and airport
15 planning by project grants or block grants in accordance with
16 the provisions of this title in aggregate amounts not to exceed
17 \$700,000,000 for fiscal year 1981, \$1,450,000,000 for the
18 fiscal years prior to October 1, 1982, \$2,250,000,000 for the
19 fiscal years prior to October 1, 1983, \$3,100,000,000 for the
20 fiscal years prior to October 1, 1984, and \$4,000,000,000 for
21 the fiscal years prior to October 1, 1985.

22 (b) No obligation shall be incurred by the Secretary after
23 September 30, 1985, provided that nothing in this section
24 shall preclude the obligation by grant agreement of appor-

1 tioned funds which remain available pursuant to section 12(a)
2 of this title after such date.

3 **SEC. 10. AIRWAY IMPROVEMENT PROGRAM.**

4 (a) **AIRWAY FACILITIES AND EQUIPMENT.**—For the
5 purpose of acquiring, establishing, and improving air naviga-
6 tion facilities under section 307(b) of the Federal Aviation
7 Act of 1958, there is authorized to be appropriated from the
8 Trust Fund aggregate amounts not to exceed \$350,000,000
9 for fiscal year 1981; \$735,000,000 for the fiscal years prior
10 to October 1, 1982; \$1,155,000,000 for the fiscal years prior
11 to October 1, 1983; \$1,610,000,000 for the fiscal years prior
12 to October 1, 1984; and \$2,100,000,000 for the fiscal years
13 prior to October 1, 1985. Amounts appropriated under the
14 authorizations in this subsection shall remain available until
15 expended.

16 (b) **RESEARCH, ENGINEERING AND DEVELOPMENT,**
17 **AND DEMONSTRATIONS.**—The Secretary is authorized to
18 carry out under section 312(c) of the Federal Aviation Act of
19 1958 such demonstration projects as the Secretary deter-
20 mines necessary in connection with research and develop-
21 ment activities under such section 312(c). For research, engi-
22 neering and development, and demonstration projects and ac-
23 tivities under such section 312(c), there is authorized to be
24 appropriated from the Trust Fund \$90,000,000 for fiscal
25 year 1981, \$95,000,000 for fiscal year 1982, \$100,000,000

1 for fiscal year 1983, \$105,000,000 for fiscal year 1984, and
2 \$110,000,000 for fiscal year 1985. Amounts appropriated
3 under the authorizations in this subsection shall remain avail-
4 able until expended.

5 (c) TRAINING OF STATE AND LOCAL GOVERNMENT
6 EMPLOYEES.—The Secretary is authorized to conduct such
7 training of State and local government employees as the Sec-
8 retary determines to be appropriate to carry out the purposes
9 of this Act. For costs incurred in such training, including
10 tuition, travel, and per diem expenses, there is authorized to
11 be appropriated from the Trust Fund aggregate amounts not
12 to exceed \$250,000 for each of the fiscal years 1981 through
13 1985.

14 (d) OTHER EXPENSES.—The balance of the money
15 available in the Trust Fund may be appropriated (1) for costs
16 of services provided under international agreements relating
17 to the joint financing of air navigation services which are
18 assessed against the United States Government, (2) for costs
19 incurred by the Secretary in administering the provisions of
20 this title, and (3) for costs incurred by the Secretary in oper-
21 ating and maintaining the national airspace system in a safe
22 and efficient condition, in amounts not to exceed
23 \$1,300,000,000 for fiscal year 1981, \$1,450,000,000 for
24 fiscal year 1982, \$1,600,000,000 for fiscal year 1983,

1 \$1,750,000,000 for fiscal year 1984, and \$1,900,000,000 for
2 fiscal year 1985.

3 SEC. 11. APPORTIONMENT OF FUNDS.

4 (a) On the first day of each fiscal year for which any
5 amount is authorized to be obligated for the purposes of sec-
6 tion 9 of this title, the amount made available for that year,
7 and not previously apportioned, shall be apportioned by the
8 Secretary as follows:

9 (1) PRIMARY AIRPORTS.—

10 (A) To the sponsor of each primary airport,
11 as follows:

12 (i) \$6 for each of the first fifty thousand
13 passengers enplaned at that airport;

14 (ii) \$4 for each of the next fifty thou-
15 sand passengers enplaned at that airport;

16 (iii) \$2 for each of the next four hun-
17 dred thousand passengers enplaned at that
18 airport; and

19 (iv) \$0.50 for each additional passenger
20 enplaned at that airport.

21 (B) Under this paragraph, the Secretary shall
22 not apportion more than \$10,000,000 to an air-
23 port sponsor for any airport for any fiscal year.

24 (C) In no event shall the total amount of all
25 apportionments under this paragraph for any fiscal

1 year exceed 50 per centum of the amount author-
2 ized to be obligated for such fiscal year for the
3 purposes of section 9 of this title. In any case in
4 which an apportionment would be reduced by the
5 preceding sentence, the Secretary shall for such
6 fiscal year reduce the apportionment to each
7 sponsor of a primary airport under this paragraph
8 proportionately so that such 50 per centum
9 amount is achieved.

10 (D) If any act of Congress has the effect of
11 limiting or reducing the amount authorized or
12 available to be obligated for any fiscal year for
13 the purposes of section 9 of this title, the total
14 amount of all apportionments under this para-
15 graph for such fiscal year shall not exceed 50 per
16 centum of such limited or reduced amount. In any
17 case in which an apportionment would be reduced
18 by the preceding sentence, the Secretary shall for
19 such fiscal year reduce the apportionment to each
20 sponsor of a primary airport under this paragraph
21 proportionately so that such 50 per centum
22 amount is achieved.

23 (2) PRIMARY HUBS.—

24 (A) For each primary hub as follows: \$0.50
25 for each passenger enplaned at each commercial

1 service airport which is a part of the air traffic
2 hub.

3 (B) Under this paragraph, the Secretary shall
4 not apportion more than \$5,000,000 to any pri-
5 mary hub for any fiscal year.

6 (C) In no event shall the total amount of all
7 apportionments under this paragraph for any fiscal
8 year exceed 15 per centum of the amount author-
9 ized to be obligated for such fiscal year for the
10 purposes of section 9 of this title. In any case in
11 which an apportionment would be reduced by the
12 preceding sentence, the Secretary shall for such
13 fiscal year reduce the apportionment to each air
14 traffic hub under this paragraph proportionately so
15 that such 15 per centum amount is achieved.

16 (D) If any act of Congress has the effect of
17 limiting or reducing the amount authorized or
18 available to be obligated for any fiscal year for
19 the purposes of section 9 of this title, the total
20 amount of all apportionments under this para-
21 graph for such fiscal year shall not exceed 15 per
22 centum of such limited or reduced amount. In any
23 case in which an apportionment would be reduced
24 by the preceding sentence, the Secretary shall for
25 such fiscal year reduce the apportionment of each

1 air traffic hub under this paragraph proportionate-
 2 ly so that such 15 per centum amount is
 3 achieved.

4 (3) Apportionments to States, Puerto Rico, and
 5 Insular Areas.

6 (A) To the several States and to the Com-
 7 monwealth of Puerto Rico, Guam, American
 8 Samoa, the Government of the Northern Mariana
 9 Islands, the Trust Territory of the Pacific Islands,
 10 and the Virgin Islands for airports other than: (1)
 11 reliever airports which are public airports and
 12 which are part of a primary hub; (2) commercial
 13 service airports which are part of a primary hub;
 14 and (3) primary airports, as follows:

15 (i) \$75,000,000 for fiscal year 1981,
 16 \$80,000,000 for fiscal year 1982,
 17 \$85,000,000 for fiscal year 1983,
 18 \$90,000,000 for fiscal year 1984, and
 19 \$95,000,000 for fiscal year 1985 shall be
 20 apportioned as follows:

21 (I) PUERTO RICO, AND INSULAR
 22 AREAS.—One per centum of such
 23 amounts to the Commonwealth of
 24 Puerto Rico, Guam, American Samoa,
 25 the Government of the Northern Mari-

1 ana Islands, the Trust Territory of the
2 Pacific Islands, and the Virgin Islands.

3 (II) STATES.—One-half of the re-
4 maining 99 per centum in the propor-
5 tion which the population of each State
6 bears to the total population of all the
7 States and one-half of the remaining 99
8 per centum in the proportion which the
9 area of each State bears to the total
10 area of all the States.

11 As used in this paragraph, the term “popula-
12 tion” means the population according to the
13 latest decennial census of the United States
14 and the term “area” includes both land and
15 water.

16 (ii) In addition, funds shall be appor-
17 tioned to each State as follows: (I) \$100,000
18 for each commercial service airport located
19 within the State which is eligible to receive
20 funds apportioned under this paragraph; and
21 (II) an additional \$200,000 for each such
22 airport which receives scheduled service from
23 aircraft which have a passenger capacity of
24 fifty-six or more passengers, provided that
25 such additional \$200,000 shall not be appor-

1 tioned to a State for a commercial service
2 airport which is, under the provisions of sec-
3 tion 419 of the Federal Aviation Act of
4 1958, as amended, an eligible point being
5 served by an air carrier receiving compensa-
6 tion for serving such point.

7 (B) In no event shall the total amount of all
8 apportionments under this paragraph for any fiscal
9 year exceed 20 per centum of the amount author-
10 ized to be obligated for such fiscal year for the
11 purposes of section 9 of this title. In any case in
12 which an apportionment would be reduced by the
13 preceding sentence, the Secretary shall for such
14 fiscal year reduce the apportionment to each State
15 and to the Commonwealth of Puerto Rico, Guam,
16 American Samoa, the Government of Northern
17 Mariana Islands, the Trust Territory of the Pacif-
18 ic Islands, and the Virgin Islands, under this
19 paragraph proportionately so that such 20 per
20 centum amount is achieved.

21 (C) If any Act of Congress has the effect of
22 limiting or reducing the amount authorized or
23 available to be obligated for any fiscal year for
24 the purposes of section 9 of this title, the total
25 amount of all apportionments under this para-

1 graph for such fiscal year shall not exceed 20 per
2 centum of such limited or reduced amount. In any
3 case in which an apportionment would be reduced
4 by the preceding sentence, the Secretary shall for
5 such fiscal year reduce the apportionment to each
6 State and to the Commonwealth of Puerto Rico,
7 Guam, American Samoa, the Government of the
8 Northern Mariana Islands, the Trust Territory of
9 the Pacific Islands, and the Virgin Islands, under
10 this paragraph proportionately so that such 20 per
11 centum amount is achieved.

12 (4) DISCRETIONARY FUND.—Any amounts not
13 apportioned under paragraphs (1), (2), and (3) of this
14 subsection shall constitute a discretionary fund to be
15 distributed at the discretion of the Secretary for such
16 projects as the Secretary considers most appropriate
17 for carrying out the purposes of this Act.

18 (b) All apportionments for any fiscal year shall be based
19 on the number of passengers enplaned during the preceding
20 calendar year.

21 SEC. 12. USE OF APPORTIONED FUNDS; MISCELLANEOUS
22 CONDITIONS.

23 (a) DURATION OF AVAILABILITY.—Each amount ap-
24 portioned under sections 11(a)(1), (a)(2), and (a)(3) of this title
25 shall be available for obligation by project-grant or block-

1 grant agreement, as the case may be, during the fiscal year
2 for which it was first authorized to be obligated and the two
3 fiscal years immediately following. Any amount so appor-
4 tioned which has not been obligated within such time shall be
5 added to the discretionary fund established by section 11(a)(4)
6 of this title.

7 (b) MISCELLANEOUS CONDITIONS.—

8 (1) The following conditions apply to apportion-
9 ments made under section 11(a)(1):

10 (A) Funds apportioned to a sponsor under
11 section 11(a)(1) of this title may be used at any
12 public airport of such sponsor which is in the na-
13 tional airport system plan.

14 (B) A sponsor may enter into an agreement
15 with the Secretary whereby the sponsor waives
16 receipt of all or part of the funds apportioned to it
17 under such section on the condition that, at the
18 election of the sponsor, the Secretary either—

19 (i) make the waived amount available
20 for an approved project grant to the sponsor
21 of another public airport which is a part of
22 the same air traffic hub as the airport of the
23 sponsor making the waiver, or

24 (ii) supplement by the waived amount
25 any block grant made to the State in which

1 the airport of the sponsor making the waiver
2 is located for use at any public-use airport
3 included in the national airport system plan
4 and identified in such State's consolidated
5 improvement plan.

6 (2) The following conditions apply to apportion-
7 ments made under section 11(a)(2):

8 (A) Prior to the distribution of any funds ap-
9 portioned under section 11(a)(2) of this title, the
10 sponsor of each commercial service airport and
11 the sponsor of each reliever airport which is a
12 public airport, whose airports are a part of the
13 same primary hub, shall have submitted jointly to
14 the Secretary a consolidated improvement plan
15 and an annual expenditure program. In addition,
16 such sponsors must certify that: (i) there is in ex-
17 istence a current airport system plan for such hub
18 prepared by the public agency responsible for air-
19 port system planning for such hub; and (ii) the
20 consolidated improvement plan and the annual ex-
21 penditure program are consistent with such
22 system plan, were prepared in cooperation with
23 the public agency which prepared such system
24 plan, and are consistent with the objectives of this
25 Act as stated in sections 2 and 13 of this title.

1 (B) Funds apportioned under section 11(a)(2)
2 of this title shall be distributed by the Secretary
3 pursuant to project-grant agreements, in accord-
4 ance with the annual expenditure program.

5 (C) Notwithstanding subparagraph (B) of this
6 paragraph, an annual expenditure program for a
7 primary hub may provide for the waiver of all or
8 part of the funds apportioned to such hub, on the
9 condition that the Secretary supplement, by the
10 waived amount, any block grant made to the
11 State or States in which such hub is located.
12 Amounts so waived may only be used for projects
13 at public-use airports included in the national air-
14 port system plan which are in the annual expendi-
15 ture program of such hub.

16 (3) The following conditions apply to apportion-
17 ments made under section 11(a)(3):

18 (A) AUTHORIZATION FOR STATE PARTICI-
19 PATION.—Upon application to the Secretary, a
20 State may be authorized to receive a block grant
21 from funds apportioned under section 11(a)(3) of
22 this title. The Secretary may make such authori-
23 zation upon finding that—

24 (i) the applicant State has an agency or
25 organization capable of administering a block

- 1 grant. The Secretary shall make such deter-
2 mination upon consideration of the resources
3 available to the applicant State's designated
4 agency or organization, in accordance with
5 such regulations as the Secretary may
6 prescribe;
- 7 (ii) the State has adopted a State air-
8 port system plan consistent with such criteria
9 as the Secretary may require;
- 10 (iii) the State has submitted a con-
11 solidated improvement plan, and an annual
12 expenditure program acceptable to the
13 Secretary;
- 14 (iv) the State has certified that—
- 15 (I) it will submit annually a revised
16 consolidated improvement plan consist-
17 ent with the State's airport system
18 plan;
- 19 (II) it will submit annually for the
20 Secretary's approval an annual expendi-
21 ture program;
- 22 (III) it will administer the distribu-
23 tion of the block grant in accordance
24 with the current consolidated improve-

1 ment plan and the approved annual
2 expenditure program;

3 (IV) it will enforce compliance
4 with assurances received from those to
5 whom it distributes funds apportioned
6 under section 11(a)(3) of this title;

7 (V) it will monitor compliance with
8 outstanding Federal Airport Act, Air-
9 port and Airway Development Act of
10 1970, as amended, and Surplus Proper-
11 ty Act of 1944 assurances at all air-
12 ports which are eligible to receive funds
13 apportioned under section 11(a)(3) of
14 this title and will report to the Secre-
15 tary any noncompliance with such
16 assurances;

17 (VI) it has given notice to sponsors
18 of airports located within the State that
19 it intends to apply for a block grant
20 under this title;

21 (VII) It will collect and provide
22 any safety data regarding public-use
23 airports within the State as may be re-
24 quired by the Secretary;

1 (VIII) it will provide the Secretary
2 with such planning data as may be re-
3 quired by the Secretary for airports lo-
4 cated within the State and included in
5 the national airport system plan; and

6 (IX) it will submit such environ-
7 mental information regarding its consol-
8 idated improvement plan and its annual
9 expenditure program as the Secretary
10 may require.

11 The Secretary may revoke such authoriza-
12 tion upon finding that the State has not sub-
13 mitted an acceptable annual expenditure pro-
14 gram or otherwise has not fulfilled the condi-
15 tions of this subparagraph or the certifica-
16 tions given pursuant thereto.

17 (B) DISTRIBUTION OF FUNDS IN PARTICI-
18 PATING STATES.—

19 (i) The designated public agency of any
20 participating State (authorized pursuant to
21 the provisions of section 12(b)(3)(A)) may
22 apply to the Secretary for a block grant from
23 funds apportioned to such State under sec-
24 tion 11(a)(3) of this title.

1 (ii) Each sponsor of an airport, located
2 in a participating State, which is eligible to
3 receive funds apportioned under section
4 11(a)(3) of this title may either apply to the
5 Secretary for project grants from funds ap-
6 portioned to the State in which such airport
7 is located, or elect to be included in such
8 State's consolidated improvement plan. Such
9 election by a sponsor may not be revoked for
10 the fiscal year for which it first becomes ef-
11 fective and the succeeding fiscal year.

12 (C) DISTRIBUTION OF FUNDS IN
13 NONPARTICIPATING STATES.—Each sponsor of
14 an airport, located in a State which is not a par-
15 ticipating State, which is eligible to receive funds
16 apportioned under section 11(a)(3) of this title
17 may apply to the Secretary for project grants
18 from funds apportioned to the State in which such
19 airport is located.

20 (D) USE OF BLOCK-GRANT FUNDS.—

21 (i) A participating State may not apply
22 funds apportioned under section 11(a)(3) of
23 this title to the administrative costs incurred
24 by such State in making project grants.

1 (ii) A participating State shall be enti-
2 tled to apply not more than $1\frac{1}{2}$ per centum
3 of its annual apportionment under section
4 11(a)(3) of this title to maintaining the cur-
5 rency of its State airport system plan.

6 (c) NOTICE OF APPORTIONMENT.—The Secretary shall
7 give notice to primary airport sponsors, the Governor of each
8 State, or the chief executive officer of the equivalent jurisdic-
9 tion, the sponsors of commercial service airports which are
10 part of primary hubs, and the sponsors of reliever airports
11 which are public airports and are part of primary hubs, as the
12 case may be, as soon as possible after April 1 of each year of
13 the estimated amount of the apportionment to be made on
14 October 1 of that year.

15 **SEC. 13. TRANSPORTATION PLANNING.**

16 It is declared to be in the national interest to encourage
17 and promote the development of transportation systems em-
18 bracing various modes of transportation in a manner that will
19 serve the States and local communities efficiently and effec-
20 tively. To accomplish this objective, the Secretary shall coop-
21 erate with State and local officials in the development of air-
22 port plans and programs which are formulated on the basis of
23 overall transportation needs and coordinated with other
24 transportation planning with due consideration to comprehen-
25 sive long-range land-use and access plans and overall social,

1 economic, environmental, system performance, and energy
2 conservation goals and objectives. The process shall be con-
3 tinuing, cooperative, and comprehensive to the degree appro-
4 priate based on the complexity of the transportation
5 problems.

6 **SEC. 14. SUBMISSION AND APPROVAL OF PROJECT-GRANT**
7 **AND BLOCK-GRANT APPLICATIONS.**

8 (a) **SUBMISSION.—**

9 (1)(A) **PROJECT-GRANT APPLICATION.—**Subject
10 to the provisions of this paragraph, any public agency,
11 or two or more public agencies acting jointly, may
12 submit to the Secretary a project-grant application for
13 one or more projects, in a form and containing such in-
14 formation as the Secretary may prescribe, setting forth
15 the project proposed to be undertaken. No project-
16 grant application shall propose airport development or
17 airport planning except in connection with public air-
18 ports included in the current national airport system
19 plan prepared pursuant to section 4 of this title.

20 (B) **BLOCK-GRANT APPLICATION.—**Subject to the
21 provisions of this paragraph, the designated public
22 agency of any participating State may submit to the
23 Secretary an application for a block grant, in a form
24 and containing such information as the Secretary may
25 prescribe. No block-grant application shall propose air-

1 port development or airport planning except in connec-
 2 tion with public-use airports included in the State's
 3 current State airport system plan. In the case of
 4 public-use airports which are not public airports, no
 5 such development or planning may be proposed except
 6 in connection with reliever airports included in the cur-
 7 rent national airport system plan prepared pursuant to
 8 section 4 of this title.

9 Nothing in this paragraph shall authorize the submission of a
 10 project-grant or block-grant application by any public agency
 11 which is subject to the law of any State if the submission of
 12 such application by the public agency is prohibited by the law
 13 of that State. All proposed airport development shall be in
 14 accordance with standards established or approved by the
 15 Secretary, including standards for site location, airport
 16 layout, site preparation, paving, lighting, and safety of
 17 approaches.

18 (b) APPROVAL.—

19 (1) PROJECT-GRANT APPLICATIONS.—

20 (A) No project-grant application may be ap-
 21 proved by the Secretary unless the Secretary is
 22 satisfied that—

23 (i) the project is consistent with the ob-
 24 jectives of this Act as stated in sections 2
 25 and 13 of this title;

1 (ii) the project is substantially consistent
2 with plans (existing at the time of approval
3 of the project) of public agencies authorized
4 by the State in which such airport is located
5 to plan for the development of the area in
6 which the airport is located and will contrib-
7 ute to the accomplishment of the purposes of
8 this title;

9 (iii) sufficient funds are available for
10 that portion of the project costs which are
11 not to be paid by the United States under
12 this title;

13 (iv) the project will be completed with-
14 out undue delay;

15 (v) the sponsor which submitted the
16 project-grant application has legal authority
17 to engage in the project as proposed; and

18 (vi) all project sponsorship requirements
19 prescribed by or under the authority of this
20 title have been or will be met.

21 (B) No project-grant application for airport
22 development may be approved by the Secretary
23 unless the sponsor or a public agency or the
24 United States or an agency thereof holds good
25 title, satisfactory to the Secretary, to the landing

1 area of the airport or site therefor, or gives assur-
2 ance satisfactory to the Secretary that good title
3 will be acquired.

4 (C) No project-grant application for airport
5 development may be approved by the Secretary
6 which does not include provision for (i) land re-
7 quired for the installation of approach light sys-
8 tems; (ii) touchdown zone and centerline runway
9 lighting; and (iii) high intensity runway lighting,
10 when it is determining by the Secretary that any
11 such items are required for the safe and efficient
12 use of the airport by aircraft, taking into account
13 the type and volume of traffic utilizing the airport.

14 (D) No project-grant application for airport
15 development may be approved unless the Secre-
16 tary is satisfied that fair consideration has been
17 given to the interest of communities in or near
18 which the project may be located.

19 (E) It is declared to be national policy that
20 airport development projects authorized pursuant
21 to this title shall provide for the protection and
22 enhancement of the natural resources and the
23 quality of the environment of the Nation. In im-
24 plementing this policy, the Secretary shall consult
25 with the Secretary of the Interior and the Admin-

1 istrator of the Environmental Protection Agency
2 with regard to any project included in a project-
3 grant application involving airport location, a
4 major runway extension, or runway location
5 which may have a significant impact on natural
6 resources including, but not limited to, fish and
7 wildlife, natural, scenic, and recreation assets,
8 water and air quality, and other factors affecting
9 the environment, and shall authorize no such proj-
10 ect found to have significant adverse effect unless
11 the Secretary shall render a finding, in writing,
12 following a full and complete review, which shall
13 be a matter of public record, that no feasible and
14 prudent alternative exists and that all possible
15 steps have been taken to minimize such adverse
16 effect.

17 (F) HEARINGS.—

18 (i) No project-grant application for air-
19 port development involving the location of an
20 airport, an airport runway, or a major
21 runway extension may be approved by the
22 Secretary unless the sponsor of the project
23 certifies to the Secretary that there has been
24 afforded the opportunity for public hearings
25 for the purpose of considering the economic,

1 social, and environmental effects of the air-
2 port location and its consistency with the
3 goals and objectives of such planning as has
4 been carried out by the community.

5 (ii) When hearings are held under sub-
6 paragraph (i) of this paragraph, the project
7 sponsor shall, when requested by the Secre-
8 tary, submit a copy of the transcript to the
9 Secretary.

10 (G) AIR AND WATER QUALITY.—

11 (i) No project-grant application for a
12 project involving airport location, a major
13 runway extension, or runway location may
14 be approved unless the Governor of the
15 State in which such project is to be located
16 certifies in writing to the Secretary that
17 there is a reasonable assurance that the proj-
18 ect will be located, designed, constructed,
19 and operated so as to comply with applicable
20 air and water quality implementation plans.
21 In any case where such plans have not been
22 approved and where applicable air and water
23 quality standards have been promulgated by
24 the Administrator of the Environmental Pro-
25 tection Agency, certification shall be ob-

1 tained from that Administrator. Notice of
2 certification or refusal to certify shall be pro-
3 vided within sixty days after the project ap-
4 plication has been received by the Secretary.

5 (ii) The Secretary shall condition ap-
6 proval of any such project-grant application
7 on compliance during construction and oper-
8 ation with applicable air and water quality
9 standards.

10 (2) BLOCK-GRANT APPLICATIONS.—

11 (A) Except as otherwise provided, no block-
12 grant application may be approved by the Secre-
13 tary which does not condition receipt of such
14 grant on the requirement that the State approve
15 projects funded with such grants subject to the
16 same conditions and requirements as would apply
17 to the Secretary under this title in approving proj-
18 ect-grant applications.

19 (B) The provisions of subsections (b)(1)(B) of
20 this section shall not be applicable to the approval
21 by a State of a project for airport development at
22 a public-use airport which is not a public airport.
23 No project for airport development at such airport
24 may be approved by a State unless such State is
25 satisfied that good title to the landing area of the

1 airport or site therefore is held or will be acquired
2 by the applicant for funds from such grant.

3 (c) STATE STANDARDS.—The Secretary is authorized
4 to approve standards, other than standards for safety of ap-
5 proaches, established by a State for airport development at
6 public-use airports in such States which are not primary air-
7 ports, and, upon such approval, such State standards shall be
8 the standards applicable to such airports in lieu of any com-
9 parable standard established under subsection (a) of this sec-
10 tion. State standards approved under this subsection may be
11 revised from time to time, as the State or the Secretary de-
12 termines necessary, subject to approval of such revisions by
13 the Secretary.

14 (d) ACCEPTANCE OF CERTIFICATION.—The Secretary
15 is authorized in connection with any project to require a cer-
16 tification from a sponsor that such sponsor will comply with
17 all of the statutory and administrative requirements imposed
18 on such sponsor under this Act in connection with such proj-
19 ect. Acceptance by the Secretary of a certification from a
20 sponsor may be rescinded at any time. Nothing in this sub-
21 section shall affect or discharge any responsibility or obliga-
22 tion of the Secretary under any other Federal law, including
23 the National Environmental Policy Act of 1969 (42 U.S.C.
24 4321 et seq.), section 4(f) of the Department of Transporta-
25 tion Act (49 U.S.C. 1652), title VI of the Civil Rights Act of

1 1964 (42 U.S.C. 2000b), title VIII of the Act of April 11,
2 1968 (42 U.S.C. 3601 et seq.), and the Uniform Relocation
3 Assistance and Land Acquisition Policies Act of 1970 (42
4 U.S.C. 4601 et seq.).

5 (e) REQUIREMENT OF NOTICE.—Each sponsor to
6 which funds are apportioned under section 11(a)(1) of this
7 title must notify the Secretary, by such time and in a form
8 containing such information as the Secretary may prescribe,
9 of the fiscal year in which it intends to apply, by project-
10 grant application, for such funds. If a sponsor does not pro-
11 vide such notification, the Secretary may defer approval of
12 any application for such funds until the fiscal year immediate-
13 ly following the fiscal year in which such application is
14 submitted.

15 SEC. 15. UNITED STATES SHARE OF PROJECT COSTS.

16 (a) GENERAL PROVISION.—Except as otherwise pro-
17 vided in this section, the United States share of allowable
18 project costs payable on account of any project contained in
19 an approved project-grant or block-grant application submit-
20 ted in accordance with this title shall not exceed 80 per
21 centum of the allowable project costs.

22 (b) PROJECTS AT CERTAIN PRIMARY AIRPORTS.—In
23 the case of primary airports enplaning 0.5 per centum or
24 more of the total number of passengers enplaned annually at
25 all commercial service airports, the United States share of

1 allowable project costs payable on account of any project
2 contained in an approved project-grant application shall not
3 exceed 75 per centum of the allowable project costs.

4 (c) PROJECTS IN PUBLIC LAND STATES.—In the case
5 of any State containing unappropriated and unreserved public
6 lands and nontaxable Indian lands (individual and tribal) ex-
7 ceeding 5 per centum of the total area of all lands therein,
8 the United States share under subsection (a) shall be in-
9 creased by whichever is the smaller of the following percent-
10 ages thereof: (1) 25 per centum, or (2) a percentage equal to
11 one-half of the percentage that the area of all such lands in
12 that State is of its total area. In no event shall such United
13 States share, as increased by this subsection, exceed the
14 greater of (1) the percentage share determined under subsec-
15 tion (a) of this section, or (2) the percentage share applying
16 on June 30, 1975, as determined under subsection 17(b) of
17 the Airport and Airway Development Act of 1970, as
18 amended.

19 SEC. 16. PROJECT SPONSORSHIP.

20 (a) SPONSORSHIP.—As a condition precedent to ap-
21 proval of an airport development project contained in a proj-
22 ect-grant application submitted under this title, the Secretary
23 shall receive assurances, in writing, satisfactory to the Secre-
24 tary, that—

1 (1) the airport to which the project relates will be
2 available for public use on fair and reasonable terms
3 and without unjust discrimination, and will offer access
4 to its facilities and services within a reasonable time
5 and upon reasonably competitive terms to persons en-
6 gaged in air transportation who seek to use them;

7 (2) the airport and all facilities thereon or con-
8 nected therewith will be suitably operated and main-
9 tained, with due regard to climatic and flood
10 conditions;

11 (3) the aerial approaches to the airport will be
12 adequately cleared and protected by removing, lower-
13 ing, relocating, marking, or lighting or otherwise miti-
14 gating existing airport hazards and by preventing the
15 establishment or creation of future airport hazards;

16 (4) appropriate action, including the adoption of
17 zoning laws has been or will be taken, to the extent
18 reasonable, to restrict the use of land adjacent to or in
19 the immediate vicinity of the airport to activities and
20 purposes compatible with normal airport operations, in-
21 cluding landing and takeoff of aircraft;

22 (5) all of the facilities of the airport developed
23 with Federal financial assistance and all those usable
24 for landing and takeoff of aircraft will be available to
25 the United States for use by Government aircraft in

1 common with other aircraft at all times without
2 charge, except, if the use by Government aircraft is
3 substantial, charge may be made for a reasonable
4 share, proportional to such use, of the cost of operating
5 and maintaining the facilities used;

6 (6) the airport operator or owner will furnish
7 without cost to the Federal Government for use in con-
8 nection with any air traffic control or navigation activi-
9 ties, or weather reporting and communication activities
10 related to air traffic control, any areas of land or
11 water, or estate therein, or rights in buildings of the
12 sponsor as the Secretary considers necessary or desir-
13 able for construction at Federal expense of space or
14 facilities for such purposes;

15 (7) all project accounts and records will be kept in
16 accordance with a standard system of accounting pre-
17 scribed by the Secretary after consultation with appro-
18 priate public agencies;

19 (8) the airport operator or owner will maintain a
20 fee and rental structure for the facilities and services
21 being provided the airport users which will make the
22 airport as self-sustaining as possible under the circum-
23 stances existing at that particular airport, taking into
24 account such factors as the volume of traffic and econ-
25 omy of collection, except that no part of the Federal

1 share of an airport development or airport planning
2 project for which a grant is made under this title or
3 under the Federal Airport Act or the Airport and
4 Airway Development Act of 1970, as amended, shall
5 be included in the rate base in establishing fees, rates,
6 and charges for users of that airport;

7 (9) the airport operator or owner will submit to
8 the Secretary such annual or special airport financial
9 and operations reports as the Secretary may reason-
10 ably request;

11 (10) the airport and all airport records will be
12 available for inspection by any duly authorized agent of
13 the Secretary upon reasonable request; and

14 (11) the airport operator or owner who receives a
15 grant for the purchase of land for noise compatibility
16 purposes which is conditioned on the disposal of the
17 acquired land at the earliest practicable time will, sub-
18 ject to the retention or reservation of any interest or
19 right therein necessary to insure that such land is used
20 only for purposes which are compatible with the noise
21 levels of the operation of the airport, use its best ef-
22 forts to so dispose of such land. The proceeds of such
23 dispositions shall be (A) refunded to the United States
24 for the Trust Fund on a basis proportionate to the
25 United States share of the cost of acquisition of such

1 land, or (B) reinvested in an approved project, pursu-
2 ant to such regulations as the Secretary shall
3 prescribe.

4 To insure compliance with this section, the Secretary shall
5 prescribe such project sponsorship requirements, consistent
6 with the terms of this title, as the Secretary considers neces-
7 sary. Among other steps to insure compliance, the Secretary
8 is authorized to enter into contracts with public agencies on
9 behalf of the United States. Whenever the Secretary obtains
10 from a sponsor any area of land or water, or estate therein,
11 or rights in buildings of the sponsor and constructs space or
12 facilities thereon at Federal expense, the Secretary is author-
13 ized to relieve the sponsor from any contractual obligation
14 entered into under this title, the Airport and Airway Devel-
15 opment Act of 1970, as amended, or the Federal Airport Act
16 to provide free space in airport buildings to the Federal Gov-
17 ernment to the extent the Secretary finds that space no
18 longer required for the purposes set forth in paragraph (6) of
19 this subsection.

20 (b) CONSULTATION.—In making a decision to under-
21 take any airport development project under this title, each
22 sponsor of an airport shall undertake reasonable consultations
23 with affected parties using the airport at which such project
24 is proposed.

1 SEC. 17. GRANT AGREEMENTS.

2 Upon approving a project-grant or block-grant applica-
3 tion, the Secretary, on behalf of the United States, shall
4 transmit to the sponsor or sponsors of the project-grant or
5 block-grant application an offer to make a grant for the
6 United States share of allowable project costs. An offer shall
7 be made upon such terms and conditions as the Secretary
8 considers necessary to meet the requirements of this title and
9 any regulations prescribed thereunder. Each offer shall state
10 a definite amount as the maximum obligation of the United
11 States payable from funds authorized by this title, and shall
12 stipulate the obligations to be assumed by the sponsor or
13 sponsors. In any case where the Secretary approves a proj-
14 ect-grant application for a project which will not be complet-
15 ed in one fiscal year, the offer shall, upon request of the
16 sponsor, provide for the obligation of funds apportioned or to
17 be apportioned to the sponsor pursuant to section 11(a)(1) of
18 this title for such fiscal years (including future fiscal years) as
19 may be necessary to pay the United States share of the cost
20 of such project. If and when an offer is accepted in writing by
21 the sponsor, the offer and acceptance shall comprise an
22 agreement constituting an obligation of the United States and
23 of the sponsor. Thereafter, in the case of a project for airport
24 development, the amount stated in the accepted offer as the
25 maximum obligation of the United States may not be in-
26 creased by more than 10 per centum. Unless and until an

1 agreement has been executed, the United States may not
2 pay, nor be obligated to pay, any portion of the costs which
3 have been or may be incurred.

4 SEC. 18. PROJECT COSTS.

5 (a) ALLOWABLE PROJECT COSTS.—Except as pro-
6 vided in section 19 of this title, the United States may not
7 pay, or be obligated to pay, from amounts appropriated to
8 carry out the provisions of this title, any portion of a project
9 cost incurred in carrying out a project for airport develop-
10 ment or airport planning unless the Secretary has first deter-
11 mined that the cost is allowable. A project cost is allowable
12 if—

13 (1) it was a necessary cost incurred in accomplish-
14 ing an approved project in conformity with the terms
15 and conditions of the grant agreement entered into in
16 connection with the project, including any costs in-
17 curred by a recipient in connection with any audit re-
18 quired by the Secretary pursuant to section 23(b) of
19 this title;

20 (2) it was incurred subsequent to the execution of
21 the grant agreement with respect to the project, and in
22 connection with airport development or airport plan-
23 ning accomplished under the project after the execution
24 of the agreement. However, the allowable costs of a
25 project for airport development may include any neces-

1 sary costs of formulating the project (including the
2 costs of field surveys and the preparation of plans and
3 specifications, the acquisition of land or interests there-
4 in or easements through or other interests in airspace,
5 and any necessary administrative or other incidental
6 costs incurred by the sponsor specifically in connection
7 with the accomplishment of the project for airport de-
8 velopment, which would not have been incurred other-
9 wise) which were incurred subsequent to May 13,
10 1946;

11 (3) in the opinion of the Secretary it is reasonable
12 in amount, and if the Secretary determines that a proj-
13 ect cost is unreasonable in amount, the Secretary may
14 allow as an allowable project cost only so much of
15 such project cost as the Secretary determines to be
16 reasonable, except that in no event may the Secretary
17 allow project costs in excess of the definite amount
18 stated in the grant agreement; and

19 (4) it has not been included in any project for air-
20 port planning or airport development for which Federal
21 assistance has been granted.

22 The Secretary is authorized to prescribe such regulations,
23 including regulations with respect to the auditing of project
24 costs, as the Secretary considers necessary to accomplish the
25 purposes of this section.

1 (b) TERMINAL DEVELOPMENT.—

2 (1) Notwithstanding the provisions of subsection
3 (c) of this section, upon certification by the sponsor of
4 any commercial service airport that such airport has,
5 on the date of submittal of the project-grant applica-
6 tion, all the safety equipment required for certification
7 of such airport under section 612 of the Federal Avi-
8 ation Act of 1958, as amended, all the security equip-
9 ment required by rule or regulation, and has provided
10 for access to the passenger enplaning and deplaning
11 area of such airport to passengers enplaning or deplan-
12 ing from aircraft providing scheduled service, the Sec-
13 retary may approve, as allowable project costs of a
14 project for airport development at such airport, termi-
15 nal development (including multimodal terminal devel-
16 opment) in nonrevenue producing public-use areas
17 which are directly related to the movement of passen-
18 gers and baggage in air commerce within the bound-
19 aries of the airport, including, but not limited to, vehi-
20 cles for the movement of passengers between terminal
21 facilities or between terminal facilities and aircraft.

22 (2) No more than 60 per centum of the sums ap-
23 portioned under section 11(a)(1) of this title to the
24 sponsor of a primary airport for any fiscal year may be
25 obligated for project costs allowable under paragraph

1 (1) of this subsection. No more than \$200,000 of the
2 sums apportioned under section 11(a) (2) and (3) for
3 any fiscal year may be used by the sponsor of a com-
4 mercial service airport which is not a primary airport
5 for project costs allowable under paragraph (1) of this
6 subsection.

7 (3) Notwithstanding any other provisions of this
8 title, the United States share of project costs allowable
9 under paragraph (1) of this subsection shall not exceed
10 50 per centum.

11 (4) The Secretary shall approve project costs al-
12 lowable under paragraph (1) of this subsection under
13 such terms and conditions as may be necessary to
14 protect the interests of the United States.

15 (c) COSTS NOT ALLOWED.—Except as provided in sub-
16 section (b) of this section, the following are not allowable
17 project costs: (1) the cost of construction of that part of an
18 airport development project intended for use as a public park-
19 ing facility for passenger automobiles; or (2) the cost of con-
20 struction, alteration, or repair of a hangar or of any part of
21 an airport building except such of those buildings or parts of
22 buildings intended to house facilities or activities directly
23 related to the safety of persons at the airport.

1 SEC. 19. PAYMENTS UNDER GRANT AGREEMENTS.

2 (a) PROJECT-GRANT AGREEMENTS.—The Secretary,
3 after consultation with the sponsor with which a project-
4 grant agreement has been entered into, may determine the
5 times and amounts in which payments shall be made under
6 the terms of such agreement. Payments in an aggregate
7 amount not to exceed 90 per centum of the United States
8 share of the total estimated allowable project costs may be
9 made from time to time in advance of accomplishment of the
10 airport project to which the payments relate, if the sponsor
11 certifies to the Secretary that the aggregate expenditures to
12 be made from the advance payments will not at any time
13 exceed the cost of the airport development work which has
14 been performed up to that time.

15 (b) BLOCK-GRANT AGREEMENTS.—The Secretary,
16 after entering into a block-grant agreement with a State,
17 shall make payment to such State of the United States share
18 of the allowable project costs of projects contained in the
19 approved annual expenditure program. Such payment may be
20 effected through a letter of credit system.

21 (c) PROJECT-GRANT AND BLOCK-GRANT AGREE-
22 MENTS.—If the Secretary determines that the aggregate
23 amount of payments made under a project-grant or block-
24 grant agreement at any time exceeds the United States share
25 of the total allowable project costs, the United States shall be
26 entitled to recover the excess. If the Secretary finds that any

1 airport development to which the advance payments relate
2 has not been accomplished within a reasonable time or the
3 project is not completed, the United States may recover
4 part of the advance payment for which the United States
5 received no benefit. Payments under a project-grant or block-
6 grant agreement shall be made to the official or depository
7 authorized by law to receive public funds and designated by
8 the sponsor.

9 **SEC. 20. PERFORMANCE OF CONSTRUCTION WORK.**

10 (a) **REGULATIONS.**—The construction work on any
11 project for airport development contained in an approved
12 project-grant application submitted in accordance with this
13 title shall be subject to inspection and approval by the Secre-
14 tary and shall be in accordance with regulations prescribed
15 by the Secretary. Such regulations shall require such cost
16 and progress reporting by the sponsor or sponsors of such
17 project as the Secretary shall deem necessary. No such regu-
18 lation shall have the effect of altering any contract in connec-
19 tion with any project entered into without actual notice of the
20 regulation.

21 (b) **MINIMUM RATES OF WAGES.**—All contracts in
22 excess of \$2,000 for work on projects for airport development
23 approved under this title which involve labor shall contain
24 provisions establishing minimum rates of wages, to be prede-
25 termined by the Secretary of Labor, in accordance with the

1 Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5),
2 which contractors shall pay to skilled and unskilled labor, and
3 such minimum rates shall be stated in the invitation for bids
4 and shall be included in proposals or bids for the work.

5 (c) VETERANS' PREFERENCE.—All contracts for work
6 on projects for airport development approved under this sub-
7 chapter which involve labor shall contain provisions as are
8 necessary to insure that, in the employment of labor (except
9 in executive, administrative and supervisory positions), pref-
10 erence shall be given to veterans of the Vietnam era and
11 disabled veterans.

12 (1) A Vietnam-era veteran is an individual who
13 served on active duty as defined by section 101(21) of
14 title 38 of the United States Code in the Armed
15 Forces for a period of more than one hundred and
16 eighty consecutive days any part of which occurred
17 during the period beginning August 5, 1964, and
18 ending May 7, 1975, and who was separated from the
19 Armed Forces under honorable conditions.

20 (2) Disabled veteran is defined in section 2108(2)
21 of title 5 of the United States Code.

22 However, this preference shall apply only where the individ-
23 uals are available and qualified to perform the work to which
24 the employment relates.

1 SEC. 21. USE OF GOVERNMENT-OWNED LANDS.

2 (a) REQUESTS FOR USE.—Subject to the provisions of
3 subsection (c) of this section, whenever the Secretary deter-
4 mines that use of any lands owned or controlled by the
5 United States is reasonably necessary for carrying out a proj-
6 ect under this title at a public airport, or for the operation of
7 any public airport, including lands reasonably necessary to
8 meet future development of an airport in accordance with the
9 national airport system plan, the Secretary shall file with the
10 head of the department or agency having control of the lands
11 a request that the necessary property interests therein be
12 conveyed to the public agency sponsoring the project in ques-
13 tion or owning or controlling the airport. The property inter-
14 est may consist of the title to, or any other interest in, land
15 or any easement through or other interest in airspace.

16 (b) MAKING OF CONVEYANCES.—Upon receipt of a re-
17 quest from the Secretary under this section, the head of the
18 department or agency having control of the lands in question
19 shall determine whether the requested conveyance is incon-
20 sistent with the needs of the department or agency, and shall
21 notify the Secretary of the determination within a period of
22 four months after receipt of the Secretary's request. If the
23 department or agency head determines that the requested
24 conveyance is not inconsistent with the needs of that depart-
25 ment or agency, the department or agency head is hereby
26 authorized and directed, with the approval of the Attorney

1 General of the United States, and without any expense to the
2 United States, to perform any acts and to execute any instru-
3 ments necessary to make the conveyance requested. A con-
4 veyance may be made only on the condition that, at the
5 option of the Secretary, the property interest conveyed shall
6 revert to the United States in the event that the lands in
7 question are not developed for airport purposes or used in a
8 manner consistent with the terms of the conveyance. If only
9 a part of the property interest conveyed is not developed for
10 airport purposes, or used in a manner consistent with the
11 terms of the conveyance, only that particular part shall, at
12 the option of the Secretary, revert to the United States.

13 (c) EXEMPTION OF CERTAIN LANDS.—Unless other-
14 wise specifically provided by law, the provisions of subsec-
15 tions (a) and (b) of this section shall not apply with respect to
16 lands owned or controlled by the United States within any
17 national park, national monument, national recreation area,
18 or similar area under the administration of the National Park
19 Service; within any unit of the National Wildlife Refuge
20 System or similar area under the jurisdiction of the Bureau of
21 Sport Fisheries and Wildlife; or within any national forest or
22 Indian reservation.

23 SEC. 22. FALSE STATEMENTS.

24 Any officer, agent, or employee of the United States, or
25 any officer, agent, or employee of any public agency, or any

1 person, association, firm, or corporation who, with intent to
2 defraud the United States—

3 (1) knowingly makes any false statement, false
4 representation, or false report as to the character,
5 quality, quantity, or cost of the material used or to be
6 used, or the quantity or quality of the work performed
7 or to be performed, or the costs thereof, in connection
8 with the submission of plans, maps, specifications, con-
9 tracts, or estimates of project costs for any project sub-
10 mitted to the Secretary for approval under this title;

11 (2) knowingly makes any false statement, false
12 representation, or false report or claim for work or ma-
13 terials for any project approved by the Secretary under
14 this title; or

15 (3) knowingly makes any false statement or false
16 representation in any report required to be made under
17 this title;

18 shall, upon conviction thereof, be punished by imprisonment
19 for not to exceed five years or by a fine of not to exceed
20 \$10,000, or by both.

21 **SEC. 23. ACCESS TO RECORDS.**

22 (a) **RECORDKEEPING REQUIREMENTS.**—Each recipient
23 of a grant under this title shall keep such records as the
24 Secretary may prescribe, including records which fully dis-
25 close the amount and the disposition by the recipient of the

1 proceeds of the grant, the total cost of the plan or program in
2 connection with which the grant is given or used, and the
3 amount and nature of that portion of the cost of the plan or
4 program supplied by other sources, and such other records as
5 will facilitate an effective audit.

6 (b) AUDIT AND EXAMINATION.—The Secretary and
7 the Comptroller General of the United States, or any of their
8 duly authorized representatives, shall have access for the
9 purpose of audit and examination to any books, documents,
10 papers, and records of the recipient that are pertinent to
11 grants received under this title. The Secretary may require,
12 as a condition to receipt of a grant under this title, that any
13 appropriate audit be conducted by a recipient. The Secretary
14 may require appropriate audit and examination by participat-
15 ing States of any books, documents, papers and records of
16 any recipient of funds from a block grant apportioned to such
17 States under this title.

18 (c) AUDIT REPORTS.—In any case in which an inde-
19 pendent audit is made of the accounts of a recipient of a
20 grant under this title relating to the disposition of the pro-
21 ceeds of such grant or relating to the plan or program in
22 connection with which the grant was given or used, the re-
23 cipient shall file a certified copy of such audit with the Comp-
24 troller General of the United States not later than six months
25 following the close of the fiscal year for which the audit was

1 made. On or before April 15 of each year the Comptroller
2 General shall report to the Congress describing the results of
3 each audit conducted or reviewed by him under this section
4 during the preceding fiscal year. The Comptroller General
5 shall prescribe such regulations as are deemed necessary to
6 carry out the provisions of this subsection.

7 (d) **WITHHOLDING INFORMATION.**—Nothing in this
8 section shall authorize the withholding of information by the
9 Secretary or the Comptroller General of the United States,
10 or any officer or employee under the control of either of
11 them, from the duly authorized committees of the Congress.

12 **SEC. 24. GENERAL POWERS.**

13 The Secretary is empowered to perform such acts, to
14 conduct such investigations and public hearings, to issue and
15 amend such orders, and to make and amend such regulations
16 and procedures, pursuant to and consistent with the provi-
17 sions of this title, as the Secretary considers necessary to
18 carry out the provisions of, and to exercise and perform the
19 Secretary's powers and duties under this title.

20 **SEC. 25. CIVIL PENALTIES.**

21 (a) Any recipient of a grant of funds under this title who
22 violates any provision of this Act or any rule, regulation, or
23 order issued thereunder, or who fails to comply with any of
24 the assurances required by section 16 of this title shall be
25 subject to a civil penalty not to exceed \$25,000 for each such

1 violation. If such violation is a continuing one, each day of
2 such violation shall constitute a separate offense. The provi-
3 sions of this section shall be considered to be in addition to
4 and not in lieu of any other enforcement provisions or con-
5 tractual remedies available to the Secretary.

6 (b) Any such civil penalty may be compromised by the
7 Secretary. The amount of such penalty, when finally deter-
8 mined, or the amount agreed upon in compromise, may be
9 deducted from any sums which the United States owes to the
10 recipient charged.

11 **SEC. 26. JUDICIAL ENFORCEMENT AND MISCELLANEOUS PRO-**
12 **VISIONS.**

13 (a) JUDICIAL ENFORCEMENT.—(1) If any recipient of a
14 grant of funds under this title violates any provision of this
15 Act, or any rule, regulation, requirement, or order thereun-
16 der, the Secretary may apply to the district court of the
17 United States for any district wherein the airport of such
18 recipient is located, for the enforcement of such provision of
19 this Act, or of such rule, regulation, requirement, or order;
20 and such court shall have jurisdiction to enforce obedience
21 thereto by a writ of injunction or other process, mandatory or
22 otherwise, restraining such recipient, its officers, agents, em-
23 ployees, and representatives from further violation of such
24 provision of this Act or of such rule, regulation, requirement,
25 or order and requiring their obedience thereto.

1 (2) Upon request of the Secretary, any United States
2 Attorney to whom the Secretary may apply is authorized to
3 institute in the appropriate district court and to prosecute
4 under the direction of the Attorney General all necessary
5 proceedings for the enforcement of the provisions of this Act
6 or any rule, regulation, requirement, or order thereunder in-
7 cluding proceedings for the collection of any civil penalty.
8 The costs and expenses of such prosecutions shall be paid out
9 of the appropriations for the expenses of the courts of the
10 United States.

11 (b) PARTICIPATION IN COURT PROCEEDINGS.—Upon
12 request of the Attorney General, the Secretary shall have the
13 right to participate in any proceeding in court under the pro-
14 visions of this Act.

15 (c) JOINDER OF PARTIES.—In any proceeding for the
16 enforcement of the provisions of this Act, or any rule, regula-
17 tion, requirement, or order thereunder, it shall be lawful to
18 include as parties, or to permit the intervention of, all per-
19 sons interested in or affected by the matter under considera-
20 tion; and inquiries, investigations, orders, and decrees may be
21 made with reference to all such parties in the same manner,
22 to the same extent, and subject to the same provisions of law
23 as they may be made with respect to the persons primarily
24 concerned.

1 SEC. 27. THIRD PARTY ACTION AGAINST GRANT RECIPIENT.

2 Any person aggrieved by the failure of a recipient of a
3 grant under this Act to comply with the provisions of section
4 16(a)(1) or any assurance given to the Secretary pursuant to
5 that section, or any rule, regulation, or requirement under
6 that section, may, pursuant to the procedures and require-
7 ments set out in paragraphs (2), (3), (4), and (5) of subsection
8 308(a) of the Federal Aviation Act, as amended, either file a
9 complaint with the Secretary or bring an action for injunctive
10 relief against the recipient in the United States district court
11 for the district in which the airport is located.

12 SEC. 28. CIVIL RIGHTS.

13 The Secretary shall take affirmative action to assure
14 that no person shall, on the grounds of race, creed, color,
15 national origin, or sex, be excluded from participating in any
16 activity conducted with funds received from any grant made
17 under this title. The Secretary shall promulgate such rules as
18 the Secretary deems necessary to carry out the purposes of
19 this section and may enforce this section, and any rules pro-
20 mulgated under this section, through agency and department
21 provisions and rules which shall be similar to those estab-
22 lished and in effect under title VI of the Civil Rights Act of
23 1964. The provisions of this section shall be considered to be
24 in addition to and not in lieu of the provisions of title VI of
25 the Civil Rights Act of 1964.

1 SEC. 29. REPEALS; EFFECTIVE DATE; SAVING PROVISIONS;
2 AND SEPARABILITY.

3 (a) REPEAL.—Except as otherwise provided in this
4 Act, sections 1 through 30 of the Airport and Airway Devel-
5 opment Act of 1970, as amended (49 U.S.C. 1701–1730),
6 are repealed as of the close of September 30, 1980.

7 (b) EFFECTIVE DATE.—The provisions of this title are
8 effective as of the close of September 30, 1980.

9 (c) SAVING PROVISIONS.—(1) All orders, determina-
10 tions, rules, regulations, permits, contracts, certificates, li-
11 censes, grants, rights, and privileges which have been issued,
12 made, granted, or allowed to become effective by the Presi-
13 dent, the Secretary, or any court of competent jurisdiction
14 under any provision of the Airport and Airway Development
15 Act of 1970, as amended, or the Federal Airport Act, as
16 amended, which are in effect at the time this title takes
17 effect, are continued in effect according to their terms until
18 modified, terminated, superseded, set aside, or repealed by
19 the Secretary or by any court of competent jurisdiction, or by
20 operation of law.

21 (2) Notwithstanding any other provision of this Act,
22 amounts apportioned before October 1, 1980, pursuant to
23 section 15(a)(3) of the Airport and Airway Development Act
24 of 1970, as amended, and which have not been obligated by
25 grant agreement before that date, shall remain available for
26 obligation, for the duration of time specified in section

1 15(a)(5) of that Act, in accordance with the provisions of that
2 Act, to the same extent as though that Act had not been
3 repealed.

4 (d) SEPARABILITY.—If any provision of this title or the
5 application thereof to any person or circumstance is held in-
6 valid, the remainder of the title and the application of the
7 provision to other persons or circumstances is not affected
8 thereby.

96TH CONGRESS
1ST SESSION

S. 1648

To provide for the improvement of the Nation's airport and airway system, and
for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 2 (legislative day, JUNE 21), 1979

Mr. CANNON (for himself, Mr. PACKWOOD, Mr. INOUE, and Mr. SCHMITT)
introduced the following bill; which was read twice and referred to the
Committee on Commerce, Science, and Transportation

A BILL

To provide for the improvement of the Nation's airport and
airway system, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Airport and Airway
4 System Development Act of 1979".

5 DECLARATION OF POLICY

6 SEC. 2. The Congress hereby finds and declares—

7 That the safe operation of the airport and airway
8 system will continue to be the highest aviation priority;

9 That continuing airport and airway improvement
10 programs and more effective management and utiliza-

tion of the Nation's airport and airway system are re-
quired to meet the current and projected growth of avi-
ation and the requirements of interstate commerce, the
Postal Service, and the national defense;

5 That this Act should be administered in a manner
6 to provide adequate navigation aids and airport facili-
7 ties, including reliever airports, for points where sched-
8 uled commercial air service is provided;

9 That aviation facilities that receive assistance
10 under this Act should be constructed and operated with
11 due regard to providing substantial relief from current
12 and projected noise impacts on nearby communities;

13 That certain airports that have the ability to fi-
14 nance their capital and operating needs without Feder-
15 al assistance should no longer receive Federal assist-
16 ance under this Act; and

17 That the Federal administrative requirements
18 placed upon airport sponsors can be reduced and sim-
19 plified through the use of a single project application to
20 cover all airport improvement projects contained in the
21 airport's annual expenditure program.

22 DEFINITIONS

23 SEC. 3. As used in this title—

3

1 (1) "Air traffic hub" means all of the commercial
2 service and reliever airports determined by the Secre-
3 tary to be serving the same geographical area.

4 (2) "Airport" means any area of land or water
5 which is used, or intended for use, for the landing and
6 takeoff of aircraft, and any appurtenant areas which
7 are used, or intended for use, for airport buildings or
8 other airport facilities or rights-of-way, together with
9 all airport buildings and facilities located thereon.

10 (3) "Airport development" means any of the fol-
11 lowing activities, if undertaken by the sponsor, owner
12 or operator of a public-use airport:

13 (A) any work involved in constructing, re-
14 constructing, or improving a public-use airport or
15 portion thereof, including—

16 (i) the removal, lowering, relocation,
17 and marking and lighting of airport hazards;

18 (ii) the construction of physical barriers
19 and landscaping for the purpose of diminish-
20 ing the effect of aircraft noise on any area
21 adjacent to a public-use airport; and

22 (iii) the preparation of plans and specifi-
23 cations, including field investigations inciden-
24 tal thereto;

1 (B) the soundproofing of any school or hospi-
2 tal, or of any publicly owned health facility, oper-
3 ating as such at the time of the enactment of this
4 Act, or, when specifically approved by the Secre-
5 tary, operating as such subsequent thereto, and
6 located in an area proximate to the airport in
7 which the noise levels caused by the operation of
8 a public-use airport are not compatible with the
9 operations of such institutions;

10 (C) any acquisition or installation at or by a
11 public-use airport of—

12 (i) navigation and other aids used by
13 aircraft for landing at or taking off from such
14 airport, including any necessary site prepara-
15 tion thereby required;

16 (ii) safety or security equipment re-
17 quired by the Secretary by rule or regulation
18 for the safety or security of persons and
19 property at such airport, or specifically ap-
20 proved by the Secretary as contributing sig-
21 nificantly to the safety or security of persons
22 and property at such airport;

23 (iii) snow removal equipment;

5

1 (iv) noise suppressing equipment for the
2 purpose of diminishing the effect of aircraft
3 noise on any area adjacent to such airport;

4 (v) noise monitoring equipment; or

5 (vi) aviation-related weather reporting
6 equipment;

7 (D) any acquisition of land or of any interest
8 therein, or of any easement through or other in-
9 terest in airspace, including land for future airport
10 development, which is necessary to permit any
11 airport development described in paragraph 3(A)
12 or 3(C) of this section or to remove or mitigate or
13 prevent or limit the establishment of airport haz-
14 ards; and

15 (E) any acquisition of land or of any interest
16 therein necessary to insure that such land is used
17 only for purposes which are compatible with the
18 noise levels of the operation of a public-use air-
19 port.

20 (4) "Airport hazard" means any structure or
21 object of natural growth located on or in the vicinity of
22 a public-use airport, or any use of land near such air-
23 port, which obstructs the airspace required for the
24 flight of aircraft in landing or taking off at such airport

1 or is otherwise hazardous to such landing or taking off
2 of aircraft.

3 (5) "Airport planning" means planning as defined
4 by such regulations as the Secretary shall prescribe,
5 and includes airport system planning.

6 (6) "Airport system planning" means the initial as
7 well as continuing development for planning purposes
8 of information and guidance to determine the extent,
9 type, nature, location, and timing of airport develop-
10 ment needed in a specific area to establish a viable and
11 balanced system of public-use airports. It includes
12 identification of system needs, development of esti-
13 mates of systemwide development costs, and the con-
14 duct of such studies, surveys, and other planning ac-
15 tions, including those related to airport access, as may
16 be necessary to determine the short-, intermediate-,
17 and long-range aeronautical demands required to be
18 met by a particular system of airports. It also includes
19 the establishment by a State of standards, other than
20 standards for safety of approaches, for airport develop-
21 ment at public-use airports which are not primary air-
22 ports.

23 (7) "Annual expenditure program" means a pro-
24 gram for the utilization of funds pursuant to a consoli-
25 dated improvement plan.

1 (8) "Block-grant" means a grant of funds to a
2 participating State for distribution by such State for
3 projects contained in its approved annual expenditure
4 program.

5 (9) "Commercial service airport" means a public
6 airport which is determined by the Secretary either to
7 enplane annually 2,500 or more passengers and receive
8 scheduled passenger service of aircraft, or to enplane
9 annually 10,000 or more passengers.

10 (10) "Consolidated improvement plan" means a 3-
11 year plan for development and planning projects at one
12 or more airports.

13 (11) "Eligible airport" means an airport that is
14 eligible to receive Federal assistance under the provi-
15 sions of this Act.

16 (12) "Government aircraft" means aircraft owned
17 and operated by the United States.

18 (13) "Landing area" means that area used or in-
19 tended to be used for the landing, takeoff, or surface
20 maneuvering of aircraft.

21 (14) "Passengers enplaned" means domestic, ter-
22 ritorial, and international revenue passenger enplane-
23 ments in the United States in scheduled and nonsched-
24 uled service of aircraft in intrastate, interstate, and for-
25 eign commerce as shall be determined by the Secretary

1 pursuant to such regulations as the Secretary may pre-
2 scribe.

3 (15) "Participating State" means a State author-
4 ized by the Secretary to receive a block-grant from
5 funds apportioned under section 8(b)(3) of this Act.

6 (16) "Primary airport" means a commercial serv-
7 ice airport which is determined by the Secretary to
8 have enplaned .02 percent or more of the total number
9 of passengers enplaned annually at all commercial
10 service airports.

11 (17) "Primary hub" means an air traffic hub, the
12 commercial service airports of which are determined by
13 the Secretary to have enplaned .5 percent or more of
14 the total number of passengers enplaned annually at all
15 commercial service airports.

16 (18) "Project" means a project (or separate proj-
17 ects submitted together) for the accomplishment of air-
18 port development or airport planning, including the
19 combined submission of all projects which are to be un-
20 dertaken at an airport in a fiscal year.

21 (19) "Project costs" means any costs involved in
22 accomplishing a project.

23 (20) "Project-grant" means a grant of funds by
24 the Secretary to a sponsor for the accomplishment of
25 one or more projects.

1 (21) "Public agency" means a State, the Com-
2 monwealth of Puerto Rico, the Virgin Islands, Ameri-
3 can Samoa, the Government of the Northern Mariana
4 Islands, the Trust Territory of the Pacific Islands, or
5 Guam or any agency of any of them; a municipality or
6 other political subdivision; a tax-supported organiza-
7 tion; or an Indian tribe or pueblo.

8 (22) "Public airport" means any airport which is
9 used or to be used for public purposes, under the con-
10 trol of a public agency, the landing area of which is
11 publicly owned.

12 (23) "Public-use airport" means any public airport
13 or any privately owned reliever airport which is used
14 or to be used for public purposes.

15 (24) "Reliever airport" means an airport designat-
16 ed by the Secretary as having the function of relieving
17 congestion at a primary airport.

18 (25) "Secretary" means the Secretary of Trans-
19 portation.

20 (26) "Sponsor" means any public agency which,
21 either individually or jointly with one or more other
22 public agencies, submits to the Secretary, in accord-
23 ance with this Act, an application for financial assist-
24 ance.

1 (27) "State" means a State of the United States
2 or the District of Columbia.

3 (28) "Trust Fund" means the Airport and Airway
4 Trust Fund established by section 208 of the Airport
5 and Airway Revenue Act of 1970, as amended.

6 (29) "United States share" means that portion of
7 the project costs of projects for airport development or
8 airport planning approved pursuant to section 11 of
9 this Act which is to be paid from funds made available
10 for the purposes of this Act.

11 NATIONAL AIRPORT SYSTEM PLAN

12 SEC. 4. (a) FORMULATION OF PLAN.—The Secretary
13 shall review and revise as necessary the existing national
14 airport system plan to provide for the development of public-
15 use airports in the United States. The plan shall include the
16 type and estimated cost of eligible airport development con-
17 sidered by the Secretary to be necessary to provide a safe
18 and efficient system of public-use airports to anticipate and
19 meet the needs of civil aeronautics, to meet requirements in
20 support of the national defense as determined by the Secre-
21 tary of Defense, and to meet identified needs of the Postal
22 Service. In reviewing and revising the plan, the Secretary
23 shall consider the needs of all segments of civil aviation, and
24 take into consideration, among other things, the relationship
25 of each airport to (1) the rest of the transportation system in

1 the particular area, (2) the forecasted technological develop-
2 ments in aeronautics, and (3) developments forecasted in
3 other modes of intercity transportation.

4 (b) In reviewing and revising the national airport system
5 plan, the Secretary shall consult, to the extent feasible and as
6 appropriate, with other Federal and public agencies, and with
7 the aviation community.

8 (c) The Department of Defense shall make military air-
9 ports and airport facilities available for civil use to the extent
10 feasible. In advising the Secretary of national defense re-
11 quirements pursuant to subsection (a) of this section, the Sec-
12 retary of Defense shall indicate the extent to which military
13 airports and airport facilities will be available for civil use.

14 NAVIGATION AIDS

15 SEC. 5. The costs of site preparation work associated
16 with acquisition, establishment, or improvement of air navi-
17 gation facilities by the Secretary pursuant to section 307(b)
18 of the Federal Aviation Act of 1958 (49 U.S.C. 1348(b))
19 shall be charged to appropriated funds available to the Secre-
20 tary for that purpose pursuant to section 7(a) of this Act.
21 Nothing in this Act shall preclude the Secretary from provid-
22 ing, in a grant agreement or other agreement with an airport
23 owner or sponsor, for the performance of such site prepara-
24 tion work in connection with airport development, subject to

1 payment or reimbursement for such site preparation work by
2 the Secretary from such appropriated funds.

3 AIRPORT IMPROVEMENT PROGRAM

4 SEC. 6. (a) AIRPORT GRANTS; OBLIGATIONAL AU-
5 THORITY.—In order to maintain a safe and efficient nation-
6 wide system of public-use airports to meet the present and
7 future needs of civil aeronautics, the Secretary is authorized
8 to make grants from the Trust Fund for airport development
9 and airport planning by project-grants or block-grants in ac-
10 cordance with the provisions of this Act in aggregate
11 amounts of not less than nor more than \$750,000,000 for
12 fiscal year 1981; \$1,150,000,000 for the fiscal years prior to
13 October 1, 1982; \$1,600,000,000 for the fiscal years prior to
14 October 1, 1983; \$2,100,000,000 for the fiscal years prior to
15 October 1, 1984; and \$2,650,000,000 for the fiscal years
16 prior to October 1, 1985.

17 (b) No obligation for airport development shall be in-
18 curred by the Secretary after September 30, 1985: *Provided*,
19 That nothing in this section shall preclude the obligation by
20 grant agreement of apportioned funds which remain available
21 pursuant to section 9(a) of this Act after such date.

22 (c) No obligation shall be incurred by the Secretary after
23 September 30, 1981 for airport development at any airport
24 described in sections 23(a) or 23(b) of this Act.

1 (d) No obligation shall be incurred by the Secretary for
2 airport development at a privately owned reliever airport
3 unless—

4 (1) such airport is in a primary hub area,

5 (2) the Secretary finds that such airport plays an
6 essential role in the national airport system plan, and

7 (3) the Secretary receives appropriate assurances
8 that such airport will continue to function as a reliever
9 airport during the economic life of any facility at such
10 airport that was developed with Federal financial as-
11 sistance under this Act.

12 AIRWAY IMPROVEMENT PROGRAM

13 SEC. 7. (a) AIRWAY FACILITIES AND EQUIPMENT; OB-
14 LIGATIONAL AUTHORITY.—For the purposes of acquiring,
15 establishing, and improving air navigation facilities under
16 section 307(b) of the Federal Aviation Act of 1958 (49
17 U.S.C. 1348(b)), the Secretary is authorized to make expend-
18 itures from the Trust Fund in aggregate amounts of not less
19 than nor more than \$400,000,000 for fiscal year 1981;
20 \$850,000,000 for the fiscal years prior to October 1, 1982;
21 \$1,400,000,000 for the fiscal years prior to October 1, 1983;
22 \$2,000,000,000 for the fiscal years prior to October 1, 1984;
23 and \$2,650,000,000 for the fiscal years prior to October 1,
24 1985. Amounts appropriated under the authorization in this
25 subsection shall remain available until expended.

1 (b) RESEARCH, ENGINEERING AND DEVELOPMENT,
2 AND DEMONSTRATIONS.—The Secretary is authorized to
3 carry out under section 312(c) of the Federal Aviation Act of
4 1958 such demonstration projects as the Secretary deter-
5 mines necessary in connection with research and develop-
6 ment activities under such section 312(c). For research, engi-
7 neering and development, and demonstration projects and ac-
8 tivities under such section 312(c), there is authorized to be
9 appropriated from the Trust Fund \$90,000,000 for fiscal
10 year 1981; \$95,000,000 for fiscal year 1982; \$100,000,000
11 for fiscal year 1983; \$105,000,000 for fiscal year 1984; and
12 \$110,000,000 for fiscal year 1985. Amounts appropriated
13 under the authorizations in this subsection shall remain avail-
14 able until expended.

15 (c) TRAINING OF STATE AND LOCAL GOVERNMENT
16 EMPLOYEES.—The Secretary is authorized to conduct such
17 training of State and local government employees as the Sec-
18 retary determines to be appropriate to carry out the purposes
19 of this Act. For costs incurred in such training, including
20 tuition, travel and per diem expenses, there is authorized to
21 be appropriated from the Trust Fund aggregate amounts not
22 to exceed \$250,000 for each of the fiscal years 1981 through
23 1985.

24 (d) OTHER EXPENSES.—The balance of the moneys
25 available in the Airport and Airway Trust Fund may be ap-

1 appropriated for (1) costs of services provided under interna-
2 tional agreements relating to the joint financing of air naviga-
3 tion services which are assessed against the United States
4 Government, and (2) direct costs incurred by the Secretary to
5 flight check and maintain air navigation facilities referred to
6 in subsection (a) of this section in a safe and efficient condi-
7 tion. Eligible maintenance expenses are limited to costs in-
8 curred in the field and exclude the costs of engineering sup-
9 port and planning, direction, and evaluation activities. The
10 amounts appropriated from the Airport and Airway Trust
11 Fund for the purposes of clauses (1) and (2) may not exceed
12 \$350,000,000 for fiscal year 1981; \$375,000,000 for fiscal
13 year 1982; \$400,000,000 for fiscal year 1983; and
14 \$425,000,000 for fiscal year 1984; \$450,000,000 for fiscal
15 year 1985. No part of the amount appropriated from the Air-
16 port and Airway Trust Fund in any fiscal year for obligation
17 or expenditure under clause (2) of this subsection shall be
18 obligated or expended which exceeds that amount which
19 bears the same ratio to the maximum amount which may be
20 appropriated under clauses (1) and (2) of this subsection for
21 such fiscal year as the total amount obligated in that fiscal
22 year under paragraphs (3) and (4) of subsection (a) of this
23 section bears to the aggregate of minimum amount made
24 available for obligation under each such paragraph for such
25 fiscal year. If in fiscal year 1981, or in any subsequent fiscal

1 year, the total amount obligated under section 6(a) or obligat-
2 ed under section 7(a) of this Act in such fiscal year is less
3 than the minimum amount made available for obligation
4 under such subsection for such fiscal year, the amount availa-
5 ble for obligation or expenditure as determined under the pre-
6 ceding sentence of this subsection shall be reduced by an
7 amount equal to the difference between the amount made
8 available under section 6(a) or made available under section
9 7(a) of this Act for such fiscal year and the total amount
10 obligated under such subsection (c) for such fiscal year.

11 (e) PRESERVATION OF FUNDS AND PRIORITY FOR AIR-
12 PORT AND AIRWAY PROGRAMS.—

13 (1) Notwithstanding any other provision of law to
14 the contrary, no amounts may be appropriated from
15 the Trust Fund to carry out any program or activity
16 under the Federal Aviation Act of 1958, except pro-
17 grams or activities referred to in this section.

18 (2) Amounts equal to the minimum amounts au-
19 thorized for each fiscal year by section 6 or sections 7
20 (a), (b), (c), and the third sentence of section 7(d) of
21 this section shall remain available in the Trust Fund
22 until appropriated for the purposes described in such
23 subsections.

24 (3) No amounts transferred to the Trust Fund by
25 subsection (b) of section 208 of the Airport and Airway

1 Revenue Act of 1970 (relating to aviation user taxes)
2 may be appropriated for any fiscal year to carry out
3 administrative expenses of the Department of Trans-
4 portation or of any unit thereof except to the extent
5 authorized by subsection 7(d).

6 (4) No provision of law, except for a statute here-
7 after enacted which expressly limits the application of
8 this paragraph (4), shall impair the authority of the
9 Secretary to obligate to an eligible airport by grant
10 agreement in any fiscal year the unobligated balance of
11 amounts which were apportioned in prior fiscal years
12 and which remain available for approved airport devel-
13 opment projects pursuant to paragraph (5) of subsec-
14 tion 15(a), in addition to the minimum amounts author-
15 ized for that fiscal year by section 8(b)(3) of this Act.

16 APPORTIONMENT OF FUNDS

17 SEC. 8. (a) For each fiscal year for which any amount is
18 authorized to be obligated for the purposes of section 6 of this
19 Act, the amount made available for that year, and not previ-
20 ously apportioned, shall be apportioned by the Secretary in
21 accordance with subsection (b) of this section: *Provided*, That
22 in any apportionment for a fiscal year beginning after Sep-
23 tember 30, 1981, the Secretary shall not apportion any funds
24 to airports described in sections 23(a) or 23(b) of this Act.

1 (b) On the first day of each fiscal year for which any
2 amount is authorized to be obligated for the purposes of sec-
3 tion 6 of this Act, the amount made available for that year,
4 and not previously apportioned, shall be apportioned by the
5 Secretary as follows:

6 (1) PRIMARY AIRPORTS.—

7 (A) To the sponsor of each primary airport,
8 as follows:

9 (i) \$6 for each of the first fifty thousand
10 passengers enplaned at that airport;

11 (ii) \$4 for each of the next fifty thou-
12 sand passengers enplaned at that airport;

13 (iii) \$2 for each of the next four hun-
14 dred thousand passengers enplaned at that
15 airport; and

16 (iv) \$.50 for each additional passenger
17 enplaned at that airport.

18 (B) The Secretary shall not apportion more
19 than \$10,000,000 under paragraph (1) of this sub-
20 section to an airport sponsor for any airport for
21 any fiscal year.

22 (C) In no event shall the total amount of all
23 apportionments under paragraph (1) of this sub-
24 section for any fiscal year exceed 50 percent of
25 the amount authorized to be obligated for such

1 fiscal year for the purposes of section 6 of this
2 Act. In any case in which an apportionment
3 would be reduced by the preceding sentence, the
4 Secretary shall for such fiscal year reduce the ap-
5 portionment to each sponsor of a primary airport
6 under this paragraph proportionately so that such
7 50 percent amount is achieved.

8 (D) If any Act of Congress has the effect of
9 limiting or reducing the amount authorized or
10 available to be obligated for any fiscal year for
11 the purposes of section 6 of this title, the total
12 amount of all apportionments under paragraph (1)
13 of this subsection for such fiscal year shall not
14 exceed 50 percent of such limited or reduced
15 amount. In any case in which an apportionment
16 would be reduced by the preceding sentence, the
17 Secretary shall for such fiscal year reduce the ap-
18 portionment to each sponsor of a primary airport
19 under paragraph (1) of this subsection proportion-
20 ately so that such 50 percent amount is achieved.

21 (2) PRIMARY HUBS.—

22 (A) For each primary hub as follows: \$.50
23 for each passenger enplaned at each commercial
24 service airport which is a part of the air traffic
25 hub.

1 (B) The Secretary shall not apportion more
2 than \$5,000,000 under paragraph (2) of this sub-
3 section to any primary hub for any fiscal year.

4 (C) In no event shall the total amount of all
5 apportionments under paragraph (2) of this sub-
6 section for any fiscal year exceed 20 percent of
7 the amount authorized to be obligated for such
8 fiscal year for the purposes of section 6 of this
9 Act. In any case in which an apportionment
10 would be reduced by the preceding sentence, the
11 Secretary shall for such fiscal year reduce the ap-
12 portionment to each air traffic hub under para-
13 graph (2) of this subsection proportionately so that
14 such 20 percent amount is achieved.

15 (D) If any Act of Congress has the effect of
16 limiting or reducing the amount authorized or
17 available to be obligated for any fiscal year for
18 the purposes of section 6 of this Act, the total
19 amount of all apportionments under paragraph (2)
20 of this subsection for such fiscal year shall not
21 exceed 20 percent of such limited or reduced
22 amount. In any case in which an apportionment
23 would be reduced by the preceding sentence, the
24 Secretary shall for such fiscal year reduce the ap-
25 portionment of each air traffic hub under para-

1 graph (2) of this subsection proportionately so that
2 such 20 percent amount is achieved.

3 (3) APPORTIONMENTS TO STATES, PUERTO
4 RICO, AND INSULAR AREAS.—

5 (A) To the several States and to the Com-
6 monwealth of Puerto Rico, Guam, American
7 Samoa, the Government of the Northern Mariana
8 Islands, the Trust Territory of the Pacific Islands,
9 and the Virgin Islands for airports other than: (I)
10 reliever airports which are public airports and
11 which are part of a primary hub; (II) commercial
12 service airports which are part of a primary hub;
13 (III) commercial service airports which are deter-
14 mined by the Secretary to have enplaned .01 per-
15 cent or more of the total number of passengers
16 enplaned annually at all commercial service air-
17 ports, and (IV) nonparticipating airports described
18 in subsections (a) or (b) of section 23 of this Act:

19 (i) \$75,000,000 for fiscal year 1981;
20 \$80,000,000 for fiscal year 1982;
21 \$85,000,000 for fiscal year 1983;
22 \$90,000,000 for fiscal year 1984; and
23 \$95,000,000 for fiscal year 1985 shall be
24 apportioned as follows:

1 (I) Puerto Rico, and Insular Areas.

2 One percent of such amounts to the
3 Commonwealth of Puerto Rico, Guam,
4 American Samoa, the Government of
5 the Northern Mariana Islands, the
6 Trust Territory of the Pacific Islands,
7 and the Virgin Islands.

8 (II) States. One-half of the remain-
9 ing 99 percent in the proportion which
10 the population of each State bears to
11 the total population of all the States
12 and one-half of the remaining 99 per-
13 cent in the proportion which the area of
14 each State bears to the total area of all
15 the States. As used in paragraph (3) of
16 this subsection, the term "population"
17 means the population according to the
18 latest decennial census of the United
19 States and the term "area" includes
20 both land and water.

21 (ii) In addition \$150,000 shall be appor-
22 tioned to each State for each commercial
23 service airport located within the State
24 which is included for the purpose of appor-

1 tioning funds under paragraph (3)(A) of this
2 subsection.

3 (B) In no event shall the total amount of all
4 apportionments under paragraph (3) of this sub-
5 section for any fiscal year exceed 20 percent of
6 the amount authorized to be obligated for such
7 fiscal year for the purposes of section 6 of this
8 Act. In any case in which an apportionment
9 would be reduced by the preceding sentence, the
10 Secretary shall for such fiscal year reduce the ap-
11 portionment to each State and to the Common-
12 wealth of Puerto Rico, Guam, American Samoa,
13 the Government of the Northern Mariana Islands,
14 the Trust Territory of the Pacific Islands, and the
15 Virgin Islands, under paragraph (3) of this subsec-
16 tion proportionately so that such 20 percent
17 amount is achieved.

18 (C) If any Act of Congress has the effect of
19 limiting or reducing the amount authorized or
20 available to be obligated for any fiscal year for
21 the purposes of section 6 of this act, the total
22 amount of all apportionments under for such fiscal
23 year shall not exceed 20 percent of such limited
24 or reduced amount. In any case in which an ap-
25 portionment would be reduced by the preceding

1 sentence, the Secretary shall for such fiscal year
2 reduce the apportionment to each State and to the
3 Commonwealth of Puerto Rico, Guam, American
4 Samoa, the Government of the Northern Mariana
5 Islands, the Trust Territory of the Pacific Islands
6 and the Virgin Islands, under paragraph (3) of
7 this subsection proportionately so that such 20
8 percent amount is achieved.

9 (4) DISCRETIONARY FUND.—Any amounts not
10 apportioned under paragraphs (1), (2), and (3) of this
11 subsection shall constitute a discretionary fund to be
12 distributed at the discretion of the Secretary for such
13 projects as the Secretary considers most appropriate
14 for carrying out the purposes of this Act: *Provided,*
15 That—

16 (A) In the case of reliever airports, no less
17 than \$150,000,000 of the funds apportioned to
18 primary hubs pursuant to paragraph (2) of this
19 subsection and the funds apportioned to the dis-
20 cretionary fund of the Secretary pursuant to para-
21 graph (4) of this subsection shall be distributed to
22 such reliever airports during the period from Oc-
23 tober 1, 1980 to September 30, 1985.

24 (B) In the case of commercial service air-
25 ports that are not primary airports and are not

1 eligible to receive assistance from a participating
2 State under this Act—

3 (i) the Secretary shall promulgate regu-
4 lations identifying high priority projects that
5 would significantly increase the safety or ca-
6 pacity of such airports, and

7 (ii) during the period from October 1,
8 1980 to September 30, 1985, the Secretary
9 shall make available to each such airport an
10 amount from the discretionary fund that
11 equals (i) the United States share of the
12 costs of high priority projects at such airport
13 up to the amount of \$750,000 and (ii) such
14 funds in excess of \$750,000 as the Secre-
15 tary, in his discretion, considers appropriate;
16 and

17 (C) After September 30, 1981, no funds from
18 such discretionary fund shall be distributed to any
19 airport that enplanes more than .25 percent of the
20 total number of passengers enplaned annually at
21 all commercial service airports.

22 (c) All apportionments for any fiscal year under this sec-
23 tion shall be based on the number of passengers enplaned
24 during the preceding calendar year.

1 USE OF APPORTIONED FUNDS; MISCELLANEOUS

2 CONDITIONS

3 SEC. 9. (a) DURATION OF AVAILABILITY.—Each
4 amount apportioned under sections 8 (b)(1), (b)(2), and (b)(3)
5 of this Act shall be available for obligation by project-grant
6 or block-grant agreement, as the case may be, during the
7 fiscal year for which it was first authorized to be obligated
8 and the 2 fiscal years immediately following. Any amount so
9 apportioned which has not been obligated within such time
10 shall be added to the discretionary fund established by section
11 8(b)(4) of this Act.

12 (b) MISCELLANEOUS CONDITIONS.—

13 (1) The following conditions apply to apportion-
14 ments made under section 8(b)(1):

15 (A) Funds apportioned to a sponsor under
16 section 8(b)(1) of this Act may be used at any
17 public airport of such sponsor which is in the na-
18 tional airport system plan, except that after Sep-
19 tember 30, 1981, no such funds may be used at
20 an airport that enplanes more than .25 percent of
21 the total number of passengers enplaned annually
22 at all commercial service airports.

23 (B) A sponsor may enter into an agreement
24 with the Secretary whereby the sponsor waives
25 receipt of all or part of the funds apportioned to it

1 under such section on the condition that, at the
2 election of the sponsor, the Secretary either—

3 (i) make the waived amount available
4 for an approved project-grant to the sponsor
5 of another eligible public airport which is a
6 part of the same air traffic hub as the airport
7 of the sponsor making the waiver, or

8 (ii) supplement by the waived amount
9 any block-grant made to the State in which
10 the airport of the sponsor making the waiver
11 is located for use at any public-use airport
12 included in the national airport system plan
13 and identified in such State's consolidated
14 improvement plan.

15 (2) The following conditions apply to apportion-
16 ments made under section 8(b)(2):

17 (A) Prior to the distribution of any funds ap-
18 portioned under section 8(b)(2) of this Act, the
19 sponsor of each eligible commercial service airport
20 and the sponsor of each reliever airport which is a
21 public airport, whose airports are a part of the
22 same primary hub, shall have submitted jointly to
23 the Secretary a consolidated improvement plan
24 and an annual expenditure program. In addition,
25 such sponsors must certify that: (i) there is in ex-

1 istence a current airport system plan for such hub
2 prepared by the public agency responsible for air-
3 port system planning for such hub; and (ii) the
4 consolidated improvement plan and the annual ex-
5 penditure program are consistent with such
6 system plan, were prepared in cooperation with
7 the public agency which prepared such system
8 plan, and are consistent with the objectives of this
9 Act as stated in sections 2 and 10 of this Act.

10 (B) Funds apportioned under section 8(b)(2)
11 of this Act shall be distributed by the Secretary
12 pursuant to project-grant agreements, in accord-
13 ance with the annual expenditure program.

14 (C) Notwithstanding subparagraph (B) of this
15 paragraph, an annual expenditure program for a
16 primary hub may provide for the waiver of all or
17 part of the funds apportioned to such hub, on the
18 condition that the Secretary supplement, by the
19 waived amount, any block-grant made to the
20 State or States in which such hub is located.
21 Amounts so waived may only be used for projects
22 at eligible public-use airports included in the na-
23 tional airport system plan which are in the annual
24 expenditure program of such hub.

1 (3) The following conditions apply to apportion-
2 ments made under section 8(b)(3):

3 (A) AUTHORIZATION FOR STATE PARTICI-
4 PATION.—Upon application to the Secretary, a
5 State may be authorized to receive a block-grant
6 from funds apportioned under section 8(b)(3) of
7 this Act. The Secretary may make such authori-
8 zation upon finding that—

9 (i) the applicant State has an agency or
10 organization capable of administering a
11 block-grant. The Secretary shall make such
12 determination upon consideration of the re-
13 sources available to the applicant State's
14 designated agency or organization, in accord-
15 ance with such regulations as the Secretary
16 may prescribe;

17 (ii) the State has adopted a State air-
18 port system plan consistent with such criteria
19 as the Secretary may require;

20 (iii) the State has submitted a consoli-
21 dated improvement plan, and an annual ex-
22 penditure program acceptable to the Secre-
23 tary;

24 (iv) the State has certified that—

1 (I) it will submit annually a revised
2 consolidated improvement plan consist-
3 ent with the State's airport system
4 plan;

5 (II) it will submit annually for the
6 Secretary's approval an annual expendi-
7 ture program;

8 (III) it will administer the distribu-
9 tion of the block-grant in accordance
10 with the current consolidated improve-
11 ment plan and the approved annual ex-
12 penditure program;

13 (IV) it will enforce compliance
14 with assurances received from those to
15 whom it distributes funds apportioned
16 under section 8(b)(3) of this Act;

17 (V) it will monitor compliance with
18 outstanding Federal Airport Act, Air-
19 port and Airway Development Act of
20 1970, as amended, and Surplus Proper-
21 ty Act of 1944 assurances at all air-
22 ports which are eligible to receive funds
23 apportioned under section 8(b)(3) of this
24 Act and will report to the Secretary

1 any noncompliance with such assur-
2 ances;

3 (VI) it has given notice to sponsors
4 of airports located within the State that
5 it intends to apply for a block-grant
6 under this Act;

7 (VII) it will collect and provide
8 any safety data regarding public-use
9 airports within the State as may be re-
10 quired by the Secretary;

11 (VIII) it will provide the Secretary
12 with such planning data as may be re-
13 quired by the Secretary for eligible air-
14 ports located within the State and in-
15 cluded in the national airport system
16 plan; and

17 (IX) it will submit such environ-
18 mental information regarding its consol-
19 idated improvement plan and its annual
20 expenditure program as the Secretary
21 may require;

22 (v) the State has, through appropriate
23 legislative action, agreed to participate in the
24 block-grant program under this Act, desig-
25 nated the State official or agency that will

1 have responsibility for administering such
2 program, and agreed to obligate State funds
3 for airport development in an amount at
4 least equal to 10 percent of the amount of
5 Federal block-grant funds awarded to such
6 State under section 6 of this Act; and

7 (vi) the State has provided reasonable
8 assurance that Federal funds apportioned to
9 the State under section 8(b)(3) will be used
10 to supplement and increase the level of
11 State, local, and other non-Federal funds
12 that would in the absence of such Federal
13 funds be made available for allowable project
14 costs as set forth in section 15 of this Act,
15 and will in no event replace such State,
16 local, and other non-Federal funds.

17 The Secretary may revoke such authorization
18 upon finding that the State has not submitted an
19 acceptable annual expenditure program or other-
20 wise has not fulfilled the conditions of subpara-
21 graph (3)(A) of this section or the certifications
22 given pursuant thereto.

23 (B) DISTRIBUTION OF FUNDS IN PARTICI-
24 PATING STATES.—The designated public agency
25 of any participating State (authorized pursuant to

1 the provisions of section 9(b)(3)(A) of this (Act)
2 may apply to the Secretary for a block-grant from
3 funds apportioned to such State under section
4 8(b)(3) of this Act.

5 (C) DISTRIBUTION OF FUNDS IN NONPAR-
6 TICIPATING STATES.—Each sponsor of an airport,
7 located in a State which is not a participating
8 State, which is eligible to receive funds appor-
9 tioned under section 8(b)(3) of this Act may apply
10 to the Secretary for project-grants from funds ap-
11 portioned to the State in which such airport is
12 located.

13 (D) USE OF BLOCK-GRANT FUNDS.—

14 (i) A participating State may not apply
15 funds apportioned under section 8(b)(3) of
16 this Act to the administrative costs incurred
17 by such State in making project grants.

18 (ii) A participating State shall be enti-
19 tled to apply not more than 1.5 percent of its
20 annual apportionment under section 8(b)(3) of
21 this Act to maintaining the currency of its
22 State airport system plan.

23 (c) NOTICE OF APPORTIONMENT.—The Secretary shall
24 give notice to primary airport sponsors, the Governor of each
25 State, or the chief executive officer of the equivalent jurisdic-

1 tion, the sponsors of commercial service airports which are
2 part of primary hubs, and the sponsors of reliever airports
3 which are public airports and are part of primary hubs, as the
4 case may be, as soon as possible after April 1 of each year of
5 the estimated amount of the apportionment to be made on
6 October 1 of that year.

7 TRANSPORTATION PLANNING

8 SEC. 10. It is declared to be in the national interest to
9 encourage and promote the development of transportation
10 systems embracing various modes of transportation in a
11 manner that will serve the States and local communities effi-
12 ciently and effectively. To accomplish this objective, the Sec-
13 retary shall cooperate with State and local officials in the
14 development of airport plans and programs which are formu-
15 lated on the basis of overall transportation needs and coordi-
16 nated with other transportation planning with due considera-
17 tion to comprehensive long-range land-use and access plans
18 and overall social, economic, environmental, system perform-
19 ance, and energy conservation goals and objectives. The
20 process shall be continuing, cooperative, and comprehensive
21 to the degree appropriate based on the complexity of the
22 transportation problems.

23 SUBMISSION AND APPROVAL OF PROJECT-GRANT AND

24 BLOCK-GRANT APPLICATIONS

25 SEC. 11. (a) SUBMISSION.—

1 (1) PROJECT-GRANT APPLICATION.—Subject to
2 the provisions of this paragraph, any public agency, or
3 two or more public agencies acting jointly, may submit
4 to the Secretary a project-grant application for one or
5 more projects, in a form and containing such informa-
6 tion as the Secretary may prescribe, setting forth the
7 project or projects proposed to be undertaken. No
8 project-grant application shall propose airport develop-
9 ment or airport planning except in connection with
10 public airports included in the current national airport
11 system plan prepared pursuant to section 4 of this Act.

12 (2) BLOCK-GRANT APPLICATION.—Subject to the
13 provisions of this paragraph, the designated public
14 agency of any participating State may submit to the
15 Secretary an application for a block-grant, in a form
16 and containing such information as the Secretary may
17 prescribe. No block-grant application shall propose air-
18 port development or airport planning except in connec-
19 tion with public-use airports included in the State's
20 current State airport system plan or in the national
21 airport system plan. In the case of public-use airports
22 which are not public airports, no such development or
23 planning may be proposed except in connection with
24 reliever airports included in the current national airport
25 system plan prepared pursuant to section 4 of this Act.

1 Nothing in this subsection shall authorize the submission of a
2 project-grant or block-grant application by any public agency
3 which is subject to the law of any State if the submission of
4 such application by the public agency is prohibited by the law
5 of that State. All proposed airport development shall be in
6 accordance with standards established or approved by the
7 Secretary, including standards for site location, airport
8 layout, site preparation, paving, lighting, and safety of ap-
9 proaches.

10 (b) APPROVAL.—

11 (1) PROJECT-GRANT APPLICATIONS.—

12 (A) No project-grant application may be ap-
13 proved by the Secretary unless the Secretary is
14 satisfied that—

15 (i) the project is consistent with the ob-
16 jectives of this Act as stated in sections 2
17 and 10 of this Act;

18 (ii) the project is substantially consistent
19 with plans (existing at the time of approval
20 of the project) of public agencies authorized
21 by the State in which such airport is located
22 to plan for the development of the area in
23 which the airport is located and will contrib-
24 ute to the accomplishment of the purposes of
25 this Act;

1 (iii) sufficient funds are available for
2 that portion of the project costs which are
3 not to be paid by the United States under
4 this Act;

5 (iv) the project will be completed with-
6 out undue delay;

7 (v) the sponsor which submitted the
8 project-grant application has legal authority
9 to engage in the project as proposed; and

10 (vi) all project sponsorship requirements
11 prescribed by or under the authority of this
12 Act have been or will be met.

13 (B) No project-grant application for airport
14 development may be approved by the Secretary
15 unless the sponsor or a public agency or the
16 United States or an agency thereof holds good
17 title, satisfactory to the Secretary, to the landing
18 area of the airport or site therefor, or gives assur-
19 ance satisfactory to the Secretary that good title
20 will be acquired.

21 (C) No project-grant application for airport
22 development may be approved by the Secretary
23 which does not include provision for (i) land re-
24 quired for the installation of approach light sys-
25 tems; (ii) touchdown zone and centerline runway

1 lighting; and (iii) high intensity runway lighting,
2 when it is determined by the Secretary that any
3 such items are required for the safe and efficient
4 use of the airport by aircraft, taking into account
5 the type and volume of traffic utilizing the airport.

6 (D) No project-grant application for airport
7 development may be approved unless the Secretary
8 is satisfied that fair consideration has been
9 given to the interest of communities in or near
10 which the project may be located.

11 (E) It is declared to be national policy that
12 airport development projects authorized pursuant
13 to this Act shall provide for the protection and
14 enhancement of the natural resources and the
15 quality of the environment of the Nation. In im-
16 plementing this policy, the Secretary shall consult
17 with the Secretary of the Interior and the Admin-
18 istrator of the Environmental Protection Agency
19 with regard to any project included in a project-
20 grant application involving airport location, a
21 major runway extension, or runway location
22 which may have a significant impact on natural
23 resources including, but not limited to, fish and
24 wildlife, natural, scenic, and recreation assets,
25 water and air quality, and other factors affecting

1 , the environment, and shall authorize no such proj-
2 ect found to have significant adverse effect unless
3 the Secretary shall render a finding, in writing,
4 following a full and complete review, which shall
5 be a matter of public record, that no feasible and
6 prudent alternative exists and that all reasonable
7 steps have been taken to minimize such adverse
8 effect.

9 (F) HEARINGS.—

10 (i) No project-grant application for air-
11 port development involving the location of an
12 airport, an airport runway, or a major
13 runway extension may be approved by the
14 Secretary unless the sponsor of the project
15 certifies to the Secretary that there has been
16 afforded the opportunity for public hearings
17 for the purpose of considering the economic,
18 social, and environmental effects of the air-
19 port location and its consistency with the
20 goals and objectives of such planning as has
21 been carried out by the community.

22 (ii) When hearings are held under sub-
23 paragraph (i) of this paragraph, the project
24 sponsor shall, when requested by the Secre-

1 tary, submit a copy of the transcript to the
2 Secretary.

3 (G) AIR AND WATER QUALITY.—

4 (i) No project-grant application for a
5 project involving airport location, a major
6 runway extension, or runway location may
7 be approved unless the Governor of the
8 State in which such project is to be located
9 certifies in writing to the Secretary that
10 there is reasonable assurance that the project
11 will be located, designed, constructed, and
12 operated so as to comply with applicable air
13 and water quality implementation plans. In
14 any case where such plans have not been ap-
15 proved and where applicable air and water
16 quality standards have been promulgated by
17 the Administrator of the Environmental Pro-
18 tection Agency, certification shall be ob-
19 tained from that Administrator. Notice of
20 certification or refusal to certify shall be pro-
21 vided within 60 days after the project appli-
22 cation has been received by the Secretary.

23 (ii) The Secretary shall condition ap-
24 proval of any such project-grant application
25 on compliance during construction and oper-

1 ation with applicable air and water quality
2 standards.

3 (2) BLOCK-GRANT APPLICATIONS.—

4 (A) Except as otherwise provided, no block-
5 grant application may be approved by the Secre-
6 tary which does not condition receipt of such
7 grant on the requirement that the State approve
8 projects funded with such grants subject to the
9 same conditions and requirements as would apply
10 to the Secretary under this Act in approving proj-
11 ect-grant applications.

12 (B) The provisions of subsection (b)(1)(B) of
13 this section shall not be applicable to the approval
14 by a State of a project for airport development at
15 a public-use airport which is not a public airport.
16 No project for airport development at such airport
17 may be approved by a State unless such State is
18 satisfied that good title to the landing area of the
19 airport or site therefor is held or will be acquired
20 by the applicant for funds from such grant.

21 (c) STATE STANDARDS.—The Secretary is authorized
22 to approve standards, other than standards for safety of ap-
23 proaches, established by a State for airport development at
24 public-use airports in such States which enplane less than .01
25 percent of the total number of passengers enplaned annually

1 at all commercial service airports, and, upon such approval,
2 such State standards shall be the standards applicable to such
3 airports in lieu of any comparable standard established under
4 subsection (a) of this section. State standards approved under
5 this subsection may be revised from time to time, as the
6 State or the Secretary determines necessary, subject to ap-
7 proval of such revisions by the Secretary.

8 (d) ACCEPTANCE OF CERTIFICATION.—In determining
9 compliance with the requirements of this Act and other Fed-
10 eral laws, the Secretary shall, to the greatest extent practica-
11 ble consistent with the objectives of this Act or such other
12 Federal laws, accept conclusionary certifications from partici-
13 pating States and sponsors that they have complied or will
14 comply with all of the statutory, regulatory, and procedural
15 requirements that are imposed in connection with a block-
16 grant or project-grant under this Act or other Federal laws.
17 Acceptance by the Secretary of certification from a partici-
18 pating State or sponsor may be rescinded at any time.

19 (e) REQUIREMENT OF NOTICE.—Each sponsor to
20 which funds are apportioned under section 8(b)(1) of this Act
21 must notify the Secretary, by such time and in a form con-
22 taining such information as the Secretary may prescribe, of
23 the fiscal year in which it intends to apply, by project-grant
24 application, for such funds. If a sponsor does not provide such
25 notification, the Secretary may defer approval of any applica-

1 tion for such funds until the fiscal year immediately following
2 the fiscal year in which such application is submitted.

3 UNITED STATES SHARE OF PROJECT COSTS

4 SEC. 12. (a) GENERAL PROVISION.—Except as other-
5 wise provided in this section, the United States share of al-
6 lowable project costs payable on account of any project con-
7 tained in an approved project-grant or block-grant application
8 submitted in accordance with this Act shall not exceed 90
9 percent of the allowable project costs.

10 (b) PROJECTS AT CERTAIN PRIMARY AIRPORTS.—In
11 the case of primary airports enplaning .25 percent or more of
12 the total number of passengers enplaned annually at all com-
13 mercial service airports, the United States share of allowable
14 project costs payable on account of any project contained in
15 an approved project-grant application shall not exceed 75
16 percent of the allowable project costs.

17 (c) PROJECTS IN PUBLIC LAND STATES.—In the case
18 of any State containing unappropriated and unreserved public
19 lands and nontaxable Indian lands (individual and tribal) ex-
20 ceeding 5 percent of the total area of all lands therein, the
21 United States share under subsection (a) of this section shall
22 be increased by whichever is the smaller of the following per-
23 centages thereof: (1) 25 percent, or (2) a percentage equal to
24 one-half of the percentage that the area of all such lands in
25 the State is of its total area. In no event shall such United

1 States share, as increased by this subsection, exceed the
2 greater of (1) the percentage share determined under subsec-
3 tion (a) of this section, or (2) the percentage share applying
4 on June 30, 1975, as determined under subsection 17(b) of
5 the Airport and Airway Development Act of 1970, as
6 amended.

7 PROJECT SPONSORSHIP

8 SEC. 13. (a) SPONSORSHIP.—As a condition precedent
9 to approval of an airport development project contained in a
10 project-grant application submitted under this Act, the Secre-
11 tary shall receive assurances, in writing, satisfactory to the
12 Secretary, that—

13 (1) the airport to which the project relates will be
14 available for public use on fair and reasonable terms
15 and without unjust discrimination, including the re-
16 quirement that (A) each air carrier, authorized by cer-
17 tificate or exemption to engage directly in air transpor-
18 tation pursuant to section 401, 402 or 418 of the Fed-
19 eral Aviation Act of 1958, using such airport shall be
20 subject to nondiscriminatory and substantially compara-
21 ble rates, fees, rentals, and other charges and nondis-
22 criminatory and substantially comparable rules, regula-
23 tions, and conditions as are applicable to all such air
24 carriers which make similar use of such airport and
25 which utilize similar facilities, subject to reasonable

1 classifications such as tenants or nontenants, and com-
2 bined passenger and cargo flights or all cargo flights,
3 and such classification or status as tenant shall not be
4 unreasonably withheld by any airport provided an air
5 carrier assumes obligations substantially similar to
6 those already imposed on tenant air carriers, and (B)
7 each fixed-based operator at any airport shall be sub-
8 ject to the same rates, fees, rentals, and other charges
9 as are uniformly applicable to all other fixed-based op-
10 erators making the same or similar uses of such airport
11 utilizing the same or similar facilities;

12 (2) the airport and all facilities thereon or con-
13 nected therewith will be suitably operated and main-
14 tained, with due regard to climatic and flood condi-
15 tions;

16 (3) the aerial approaches to the airport will be
17 adequately cleared and protected by removing, lower-
18 ing, relocating, marking, or lighting or otherwise miti-
19 gating existing airport hazards and by preventing the
20 establishment or creation of future airport hazards;

21 (4) appropriate action, including the adoption of
22 zoning laws has been or will be taken, to the extent
23 reasonable, to restrict the use of land adjacent to or in
24 the immediate vicinity of the airport to activities and

1 purposes compatible with normal airport operations, in-
2 cluding landing and takeoff of aircraft;

3 (5) all of the facilities of the airport developed
4 with Federal financial assistance and all those usable
5 for landing and takeoff of aircraft will be available to
6 the United States for use by Government aircraft in
7 common with other aircraft at all times without
8 charge, except, if the use by Government aircraft is
9 substantial, charge may be made for a reasonable
10 share, proportional to such use, of the cost of operating
11 and maintaining the facilities used;

12 (6) the airport operator or owner will furnish
13 without cost to the Federal Government for use in con-
14 nection with any air traffic control or navigation activi-
15 ties, or weather-reporting and communication activities
16 related to air traffic control, any areas of land or
17 water, or estate therein, or rights in buildings of the
18 sponsor as the Secretary considers necessary or desir-
19 able for construction at Federal expense of space or
20 facilities for such purposes;

21 (7) all project accounts and records will be kept in
22 accordance with a standard system of accounting pre-
23 scribed by the Secretary after consultation with appro-
24 priate public agencies;

1 (8) the airport operator or owner will maintain a
2 fee and rental structure for the facilities and services
3 being provided the airport users which will make the
4 airport as self-sustaining as possible under the circum-
5 stances existing at that particular airport, taking into
6 account such factors as the volume of traffic and econ-
7 omy of collection, except that no part of the Federal
8 share of an airport development or airport planning
9 project for which a grant is made under this Act or
10 under the Federal Airport Act or the Airport and
11 Airway Development Act of 1970, as amended, shall
12 be included in the rate base in establishing fees, rates,
13 and charges for users of that airport;

14 (9) the airport operator or owner will submit to
15 the Secretary such annual or special airport financial
16 and operations reports as the Secretary may reason-
17 ably request;

18 (10) the airport and all airport records will be
19 available for inspection by any duly authorized agent of
20 the Secretary upon reasonable request;

21 (11) the airport operator or owner who receives a
22 grant for the purchase of land for noise compatibility
23 purposes which is conditioned on the disposal of the
24 acquired land at the earliest practicable time will, sub-
25 ject to the retention or reservation of any interest or

1 right therein necessary to insure that such land is used
2 only for purposes which are compatible with the noise
3 levels of the operation of the airport, use its best ef-
4 forts to so dispose of such land. The proceeds of such
5 dispositions shall be (A) refunded to the United States
6 for the Trust Fund on a basis proportionate to the
7 United States share of the cost acquisition of such
8 land, or (B) reinvested in an approved project, pursu-
9 ant to such regulations as the Secretary shall pre-
10 scribe; and

11 (12) revenues generated by the airport will be
12 used for capital and operating expenses of the airport.
13 To insure compliance with this section, the Secretary shall
14 prescribe such project sponsorship requirements in regard to
15 the airport to which the project relates as are consistent with
16 the terms of this Act and as the Secretary considers neces-
17 sary. Among other steps to insure compliance, the Secretary
18 is authorized to enter into contracts with public agencies on
19 behalf of the United States. Whenever the Secretary obtains
20 from a sponsor any area of land or water, or estate therein,
21 or rights in buildings of the sponsor and constructs space or
22 facilities thereon at Federal expense, the Secretary is author-
23 ized to relieve the sponsor from any contractual obligation
24 entered into under this Act, the Airport and Airway Devel-
25 opment Act of 1970, as amended, or the Federal Airport Act

1 to provide free space in airport buildings to the Federal Gov-
2 ernment to the extent the Secretary finds that space no
3 longer required for the purposes set forth in paragraph (6) of
4 this subsection.

5 (b) CONSULTATION.—In making a decision to under-
6 take any airport development project under this Act, each
7 sponsor of an airport shall undertake reasonable consultations
8 with affected parties using the airport at which such project
9 is proposed.

10 GRANT AGREEMENTS

11 SEC. 14. Upon approving a project-grant or block-grant
12 application, the Secretary, on behalf of the United States,
13 shall transmit to the sponsor or sponsors of the project-grant
14 or block-grant application an offer to make a grant for the
15 United States share of allowable project costs. An offer shall
16 be made upon such terms and conditions as the Secretary
17 considers necessary to meet the requirements of this Act and
18 any regulations prescribed thereunder. Each offer shall state
19 a definite amount as the maximum obligation of the United
20 States payable from funds authorized by this Act, and shall
21 stipulate the obligations to be assumed by the sponsor or
22 sponsors. In any case where the Secretary approves a proj-
23 ect-grant application for a project which (1) will not be com-
24 pleted in 1 fiscal year, and (2) will not be accomplished at an
25 airport described in sections 23(a) or 23(b) of this Act, the

1 offer shall, upon request of the sponsor, provide for the obli-
2 gation of funds apportioned or to be apportioned to the spon-
3 sor pursuant to section 8(b)(1) of this Act for such fiscal years
4 (including future fiscal years) as may be necessary to pay the
5 United States share of the cost of such project. In and when
6 an offer is accepted in writing by the sponsor, the offer and
7 acceptance shall comprise an agreement constituting an obli-
8 gation of the United States and of the sponsor. Thereafter, in
9 the case of a project for airport development, the amount
10 stated in the accepted offer as the maximum obligation of the
11 United States may not be increased by more than 10 percent.
12 Unless and until an agreement has been executed, the United
13 States may not pay, nor be obligated to pay, any portion of
14 the costs which have been or may be incurred.

15 PROJECT COSTS

16 SEC. 15. (a) ALLOWABLE PROJECT COSTS.—Except
17 as provided in section 16 of this Act, the United States may
18 not pay, or be obligated to pay, from amounts appropriated to
19 carry out the provisions of this title, any portion of a project
20 cost incurred in carrying out a project for airport develop-
21 ment or airport planning unless the Secretary has first deter-
22 mined that the cost is allowable. A project cost is allowable
23 if—

24 (1) it was a necessary cost incurred in accomplish-
25 ing an approved project in conformity with the terms

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1 and conditions of the grant agreement entered into in
2 connection with the project, including any costs in-
3 curred by a recipient in connection with any audit re-
4 quired by the Secretary pursuant to section 20(b) of
5 this Act;

6 (2) it was incurred subsequent to the execution of
7 the grant agreement with respect to the project, and in
8 connection with airport development or airport plan-
9 ning accomplished under the project after the execution
10 of the agreement. However, the allowable costs of a
11 project for airport development may include any neces-
12 sary costs of formulating the project (including the
13 costs of field surveys and the preparation of plans and
14 specifications, the acquisition of land or interests there-
15 in or easements through or other interests in airspace,
16 and any necessary administrative or other incidental
17 costs incurred by the sponsor specifically in connection
18 with the accomplishment of the project for airport de-
19 velopment, which would not have been incurred other-
20 wise) which were incurred subsequent to May 13,
21 1946;

22 (3) in the opinion of the Secretary it is reasonable
23 in amount, and if the Secretary determines that a proj-
24 ect cost is unreasonable in amount, the Secretary may
25 allow as an allowable project cost only so much of

1 such project cost as the Secretary determines to be
2 reasonable, except that in no event may the Secretary
3 allow project costs in excess of the definite amount
4 stated in the grant agreement; and

5 (4) it has not been included in any project for air-
6 port planning or airport development for which Federal
7 assistance has been granted.

8 The Secretary is authorized to prescribe such regulations,
9 including regulations with respect to the auditing of project
10 costs, as the Secretary considers necessary to accomplish the
11 purposes of this section.

12 (b) TERMINAL DEVELOPMENT.—

13 (1) Notwithstanding the provisions of subsection
14 (c) of this section, upon certification by the sponsor of
15 any commercial service airport that such airport has,
16 on the date of submittal of the project-grant applica-
17 tion, all the safety equipment required for certification
18 of such airport under section 612 of the Federal Avi-
19 ation Act of 1958, as amended, all the security equip-
20 ment required by rule or regulation, and has provided
21 for access to the passenger enplaning and deplaning
22 area of such airport to passengers enplaning or deplan-
23 ing from aircraft providing scheduled service, the Sec-
24 retary may approve, as allowable project costs of a
25 project for airport development at such airport, termi-

1 nal development (including multimodal terminal devel-
2 opment) in nonrevenue producing public-use areas if
3 such project cost is directly related to the movement of
4 passengers and baggage in air commerce within the
5 boundaries of the airport, including, but not limited to,
6 vehicles for the movement of passengers between ter-
7 minal facilities or between terminal facilities and air-
8 craft.

9 (2) No more than 60 percent of the sums appor-
10 tioned under section 8(b)(1) of this Act to the sponsor
11 of an eligible primary airport for any fiscal year may
12 be obligated for project costs allowable under para-
13 graph (1) of this subsection. No more than \$200,000 of
14 the sums apportioned under section 8(b) (2) and (3) for
15 any fiscal year may be used by the sponsor of a com-
16 mercial service airport which is not a primary airport
17 for project costs allowable under paragraph (1) of this
18 subsection.

19 (3) Notwithstanding any other provisions of this
20 Act, the United States share of project costs allowable
21 under paragraph (1) of this subsection shall not exceed
22 50 percent.

23 (4) The Secretary shall approve project costs al-
24 lowable under paragraph (1) of this subsection under

1 such terms and conditions as may be necessary to pro-
2 tect the interests of the United States.

3 (c) COSTS NOT ALLOWED.—Except as provided in sub-
4 section (b) of this section, the following are not allowable
5 project costs: (1) the cost of construction of that part of an
6 airport development project intended for use as a public park-
7 ing facility for passenger automobiles; or (2) the cost of con-
8 struction, alteration, or repair of a hangar or of any part of
9 an airport building except such of those buildings or parts of
10 buildings intended to house facilities or activities directly re-
11 lated to the safety of persons at the airport.

12 PAYMENTS UNDER GRANT AGREEMENTS

13 SEC. 16. (a) PROJECT-GRANT AGREEMENTS.—The
14 Secretary, after consultation with the sponsor with which a
15 project-grant agreement has been entered into, may deter-
16 mine the times and amounts in which payments shall be
17 made under the terms of such agreement. Payments in an
18 aggregate amount not to exceed 90 percent of the United
19 States share of the total estimated allowable project costs
20 may be made from time to time in advance of accomplish-
21 ment of the airport project to which the payments relate, if
22 the sponsor certifies to the Secretary that the aggregate ex-
23 penditures to be made from the advance payments will not at
24 any time exceed the cost of the airport development work
25 which has been performed up to that time.

1 (b) BLOCK-GRANT AGREEMENTS.—The Secretary,
2 after entering into a block-grant agreement with a State,
3 shall make payment to such State of the United States share
4 of the allowable project costs of projects contained in the
5 approved annual expenditure program. Such payment may be
6 effected through a letter of credit system.

7 (c) PROJECT-GRANT AND BLOCK-GRANT AGREE-
8 MENTS.—If the Secretary determines that the aggregate
9 amount of payments made under a project-grant or block-
10 grant agreement at any time exceeds the United States share
11 of the total allowable project costs, the United States shall be
12 entitled to recover the excess. If the Secretary finds that any
13 airport development to which the advance payments relate
14 has not been accomplished within a reasonable time or the
15 project is not completed, the United States may recover any
16 part of the advance payment for which the United States
17 received no benefit. Payments under a project-grant or block-
18 grant agreement shall be made to the official or depository
19 authorized by law to receive public funds and designated by
20 the sponsor.

21 PERFORMANCE OF CONSTRUCTION WORK

22 SEC. 17. (a) REGULATIONS.—The construction work
23 on any project for airport development contained in an ap-
24 proved project-grant application submitted in accordance
25 with this Act shall be subject to inspection and approval by

1 the Secretary and shall be in accordance with regulations
2 prescribed by the Secretary. Such regulations shall require
3 such cost and progress reporting by the sponsor or sponsors
4 of such project as the Secretary shall deem necessary. No
5 such regulation shall have the effect of altering any contract
6 in connection with any project entered into without actual
7 notice of the regulation.

8 (b) MINIMUM RATES OF WAGES.—All contracts in
9 excess of \$2,000 for work on projects for airport development
10 approved under this title which involve labor shall contain
11 provisions establishing minimum rates of wages, to be prede-
12 termined by the Secretary of Labor, in accordance with the
13 Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5),
14 which contractors shall pay to skilled and unskilled labor, and
15 such minimum rates shall be stated in the invitation for bids
16 and shall be included in proposals or bids for the work.

17 (c) VETERANS PREFERENCE.—All contracts for work
18 on projects for airport development approved under this sub-
19 chapter which involve labor shall contain provisions as are
20 necessary to insure that, in the employment of labor (except
21 in executive, administrative, and supervisory positions), pref-
22 erence shall be given to veterans of the Vietnam era and
23 disabled veterans.

24 (1) A Vietnam era veteran is an individual who served
25 on active duty as defined by section 101(21) of title 38 of the

1 United States Code in the Armed Forces for a period of more
2 than 180 consecutive days any part of which occurred during
3 the period beginning August 5, 1964, and ending May 7,
4 1975, and who was separated from the Armed Forces under
5 honorable conditions.

6 (2) Disabled veteran is defined in section 2108(2) of title
7 5 of the United States Code.

8 However, this preference shall apply only where the individ-
9 uals are available and qualified to perform the work to which
10 the employment relates.

11 USE OF GOVERNMENT-OWNED LANDS

12 SEC. 18. (a) REQUESTS FOR USE.—Subject to the pro-
13 visions of subsection (c) of this section, whenever the Secre-
14 tary determines that use of any lands owned or controlled by
15 the United States is reasonably necessary for carrying out a
16 project under this Act at a public airport, or for the operation
17 of any public airport, including lands reasonably necessary to
18 meet future development of an airport in accordance with the
19 national airport system plan, the Secretary shall file with the
20 head of the department or agency having control of the lands
21 a request that the necessary property interests therein be
22 conveyed to the public agency sponsoring the project in ques-
23 tion or owning or controlling the airport. The property inter-
24 est may consist of the title to, or any other interest in, land
25 or any easement through or other interest in airspace.

1 (b) MAKING OF CONVEYANCES.—Upon receipt of a re-
2 quest from the Secretary under this section, the head of the
3 department or agency having control of the lands in question
4 shall determine whether the requested conveyance is incon-
5 sistent with the needs of the department or agency, and shall
6 notify the Secretary of the determination within a period of 4
7 months after receipt of the Secretary's request. If the depart-
8 ment or agency head determines that the requested convey-
9 ance is not inconsistent with the needs of that department or
10 agency, the department or agency head is hereby authorized
11 and directed, with the approval of the Attorney General of
12 the United States, and without any expense to the United
13 States, to perform any acts and to execute any instruments
14 necessary to make the conveyance requested. A conveyance
15 may be made only on the condition that, at the option of the
16 Secretary, the property interest conveyed shall revert to the
17 United States in the event that the lands in question are not
18 developed for airport purposes or used in a manner consistent
19 with the terms of the conveyance. If only a part of the prop-
20 erty interest conveyed is not developed for airport purposes,
21 or used in a manner consistent with the terms of the convey-
22 ance, only that particular part shall, at the option of the Sec-
23 retary, revert to the United States.

24 (c) EXEMPTION OF CERTAIN LANDS.—Unless other-
25 wise specifically provided by law, the provisions of subsec-

1 tions (a) and (b) of this section shall not apply with respect to
2 lands owned or controlled by the United States within any
3 national park, national monument, national recreation area,
4 or similar area under the administration of the National Park
5 Service; within any unit of the National Wildlife Refuge
6 System or similar area under the jurisdiction of the Bureau of
7 Sport Fisheries and Wildlife; or within any national forest or
8 Indian reservation.

9 FALSE STATEMENTS

10 SEC. 19. Any officer, agent, or employee of the United
11 States, or any officer, agent, or employee of any public
12 agency, or any person, association, firm, or corporation who,
13 with intent to defraud the United States—

14 (1) knowingly makes any false statement, false
15 representation, or false report as to the character,
16 quality, quantity, or cost of the material used or to be
17 used, or the quantity or quality of the work performed
18 or to be performed, or the costs thereof, in connection
19 with the submission of plans, maps, specifications, con-
20 tracts, or estimates of project costs for any project sub-
21 mitted to the Secretary for approval under this Act;

22 (2) knowingly makes any false statement, false
23 representation, or false report or claim for work or ma-
24 terials for any project approved by the Secretary under
25 this Act; or

1 (3) knowingly makes any false statement or false
2 representation in any report required to be made under
3 this Act;
4 shall, upon conviction thereof, be punished by imprisonment
5 for not to exceed 5 years or by a fine of not to exceed
6 \$10,000, or by both.

7 ACCESS TO RECORDS

8 SEC. 20. (a) RECORDKEEPING REQUIREMENTS.—Each
9 recipient of a grant under this Act shall keep such records as
10 the Secretary may prescribe, including records which fully
11 disclose the amount and the disposition by the recipient of the
12 proceeds of the grant, the total cost of the plan or program in
13 connection with which the grant is given or used, and the
14 amount and nature of that portion of the cost of the plan or
15 program supplied by other sources, and such other records as
16 will facilitate an effective audit. The Secretary shall annually
17 review the reporting and recordkeeping requirements under
18 this Act to insure that such requirements are kept to the
19 minimum level necessary for the proper administration of this
20 Act.

21 (b) AUDIT AND EXAMINATION.—The Secretary and
22 the Comptroller General of the United States, or any of their
23 duly authorized representatives, shall have access for the
24 purpose of audit and examination to any books, documents,
25 papers, and records of the recipient that are pertinent to

1 grants received under this Act. The Secretary may require,
2 as a condition to receipt of a grant under this Act, that an
3 appropriate audit be conducted by a recipient. The Secretary
4 may require appropriate audit and examination by participat-
5 ing States of any books, documents, papers, and records of
6 any recipient of funds from a block-grant apportioned to such
7 States under this Act.

8 (c) AUDIT REPORTS.—In any case in which an inde-
9 pendent audit is made of the accounts of a recipient of a
10 grant under this Act relating to the disposition of the pro-
11 ceeds of such grant or relating to the plan or program in
12 connection with which the grant was given or used, the re-
13 cipient shall file a certified copy of such audit with the Comp-
14 troller General of the United States not later than 6 months
15 following the close of the fiscal year for which the audit was
16 made. On or before April 15 of each year the Comptroller
17 General shall report to the Congress describing the results of
18 each audit conducted or reviewed by him under this section
19 during the preceding fiscal year. The Comptroller General
20 shall prescribe such regulations as are deemed necessary to
21 carry out the provisions of this subsection.

22 (d) WITHHOLDING INFORMATION.—Nothing in this
23 section shall authorize the withholding of information by the
24 Secretary or the Comptroller General of the United States,

1 or any officer or employee under the control of either of
2 them, from the duly authorized committees of the Congress.

3

GENERAL POWERS

4 SEC. 21. The Secretary is empowered to perform such
5 acts, to conduct such investigations and public hearings, to
6 issue and amend such orders, and to make and amend such
7 regulations and procedures, pursuant to and consistent with
8 the provisions of this Act, as the Secretary considers neces-
9 sary to carry out the provisions of, and to exercise and per-
10 form the Secretary's powers and duties under this Act.

11

CIVIL RIGHTS

12 SEC. 22. The Secretary shall take affirmative action to
13 assure that no person shall, on the grounds of race, creed,
14 color, national origin, or sex, be excluded from participating
15 in any activity conducted with funds received from any grant
16 made under this Act. The Secretary shall promulgate such
17 rules as the Secretary deems necessary to carry out the pur-
18 poses of this section and may enforce this section, and any
19 rules promulgated under this section, through agency and de-
20 partment provisions and rules which shall be similar to those
21 established and in effect under title VI of the Civil Rights
22 Act of 1964. The provisions of this section shall be consid-
23 ered to be in addition to and not in lieu of the provisions of
24 title VI of the Civil Rights Act of 1964.

(c)(1) The Secretary shall issue criteria and requirements pursuant to which the sponsors of airports described in subsections (a) and (b) of this section may, at their option, terminate any existing assurances, requirements, or contractual obligations with the United States that arose from the acceptance of Federal assistance under, or that are contained in grant agree-

1 ments, deeds, or other instruments of conveyance
2 issued pursuant to, this Act, the Federal Airport Act of
3 1946 (49 U.S.C. 1101 et seq.), the Airport and
4 Airway Development Act of 1970 (49 U.S.C. 1711 et
5 seq.) or the Surplus Property Act of 1944.

6 (2) If the sponsor of an airport, pursuant to para-
7 graph (1) of this subsection, elects to terminate a finan-
8 cial obligation owed to the United States, the Secre-
9 tary is authorized to settle such obligation in an
10 amount not exceeding the maximum obligation stated
11 in the existing agreement, less any payments made
12 thereon.

13 (3) Notwithstanding paragraphs (1) and (2) of this
14 subsection, neither the sponsor of an airport nor the
15 Secretary may terminate any assurance specified in
16 paragraphs 1 through 12 of section 13 of this Act or in
17 paragraphs 1 through 10 of section 18 of the Airport
18 and Airway Development Act of 1970 (49 U.S.C.
19 1718).

20 (d) No State or political agency of one or more
21 States shall enact or enforce any law, rule, regulation,
22 standard, or other provision having the force and effect
23 of law relating to (1) the operating safety of an airport
24 subject to section 612 of the Federal Aviation Act of
25 1958 (49 U.S.C. 1432), or (2) any assurance, obliga-

1 tion, or requirement from which an airport sponsor has
2 been released by the Secretary under this section.

3 REPEALS; EFFECTIVE DATE; SAVING PROVISIONS; AND

4 SEPARABILITY

5 SEC. 24. (a) REPEAL.—Except as otherwise provided
6 in this Act, sections 1 through 30 of the Airport and Airway
7 Development Act of 1970, as amended (49 U.S.C.
8 1701–1730), are repealed as of the close of September 30,
9 1980.

10 (b) EFFECTIVE DATE.—The provisions of this Act are
11 effective as of the close of September 30, 1980.

12 (c) SAVING PROVISIONS.—

13 (1) All orders, determinations, rules, regulations,
14 permits, contracts, certificates, licenses, grants, rights,
15 and privileges which have been issued, made, granted,
16 or allowed to become effective by the President, the
17 Secretary, or any court of competent jurisdiction under
18 any provision of the Airport and Airway Development
19 Act of 1970, as amended, or the Federal Airport Act,
20 as amended, which are in effect at the time this Act
21 takes effect, are continued in effect according to their
22 terms until modified, terminated, superseded, set aside,
23 or repealed by the Secretary or by any court of compe-
24 tent jurisdiction, or by operation of law.

1 (2) Notwithstanding any other provision of this
2 Act, amounts apportioned before October 1, 1980, pur-
3 suant to section 15(a)(3) of the Airport and Airway
4 Development Act of 1970, as amended, and which
5 have not been obligated by grant agreement before
6 that date, shall remain available for obligation, for the
7 duration of time specified in section 15(a)(5) of that
8 Act, in accordance with the provisions of that Act, to
9 the same extent as though that Act had not been re-
10 pealed.

11 (d) SEPARABILITY.—If any provision of this Act or the
12 application thereof to any person or circumstance is held in-
13 valid, the remainder of the Act and the application of the
14 provision to other persons or circumstances is not affected
15 thereby.

The CHAIRMAN. Thank you very much.

Now we will hear from Hon. Langhorne M. Bond, Federal Aviation Administrator.

STATEMENT OF HON. LANGHORNE M. BOND, ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION; ACCOMPANIED BY ROBERT AARONSON; CLARK ONSTAD; AND MORTIMER DOWNEY

Mr. BOND. Thank you, Senator. I guess I appear before you today as the chief Federal intruder into the affairs of airports. Before I read my statement, I'd like to put into a philosophical context the administration's position today.

Your bill was made public early in August about 1 month ago, and I think that I can speak for all of us in saying that we viewed it as visionary and far sighted and innovative and thought provoking. I was very impressed. We come before you today having decided not to change, nor at this point to suggest any amendment to our own position, but instead to continue the dialog and analysis that has brought us so far and I think profitably today in the discussion of what this legislation should look like.

I would also report to you that I have found no philosophical problem on the administration's side with the abandonment of any Federal support program in principle, although we have not applied it to this particular case.

I appreciate the opportunity to appear before you today to discuss the administration's legislative proposal to provide for the continued safety and efficiency of our Nation's airport and airway system. Today, as was the case when the Airport and Airway Development Act was enacted in 1970, we are experiencing a high rate of growth in air transportation; a rate of growth which places increasing demands upon our air transportation system and requires that we take aggressive action to maintain a high level of safety and provide the necessary capacity.

Most components of our air transportation system are in place today, and we can expect few major changes in the structure of that system. This limitation on system expansion, which is related to such factors as the lack of availability of new airport locations, environmental concerns, market decisions, fuel availability, and the saturation point for certain areas of terminal airspace, means we must concentrate our efforts toward maintaining safety and providing capacity improvements by continuing to refine the existing system. In most instances we cannot add airports to the system merely because we are experiencing traffic congestion; nor is it a simple matter to expand the capabilities of many of our existing airports, for they are already strained in many cases by present traffic levels.

Our legislative proposal recognizes these facts, and places emphasis on those areas that will help provide a sound basis for the Federal Government, States and localities, and the aviation community to meet the challenges of the future. In shaping our proposal, we have benefited from the views of the aviation community as well as others such as public officials who have an interest in our air transportation system. Throughout the course of developing our bill, we actively sought the ideas of those involved in aviation. We

did this through a consultative planning session; through a series of visits throughout the country with aviation representatives and State and local government officials, and through numerous briefings and meetings. We believe we have benefited greatly from this continuing dialog, but, as you know, Mr. Chairman, no consensus has developed on the legislation. The fact that you are holding hearings 1 year before the current legislation expires, hopefully, will provide the needed stimulus to get these diverse interests working with the Congress and the administration so that sound new legislation will be in place before the end of fiscal year 1980.

Mr. Chairman, before discussing in some detail the legislation pending before the committee, I would like to note our view that the proposal you have introduced contains some innovative and thought-provoking features. We look forward to having the opportunity to explore these features with the committee since they could prove to be constructive changes that will help shape an improved Federal role in the future. I assure you of our resolve to work with you and the members of the committee, on these and other aspects of the proposed bills, in order to develop a solid piece of legislation that will best serve the needs of our air transportation system.

Let me cover briefly some of the major features and rationales of our proposed legislation. First, with respect to funding, the legislation calls for an increase in the authorized level of funding for the facilities and equipment—F. & E.—appropriation, which is used for financing the capital costs of the airway system. Further, it provides for a steady increase in the program level for research, engineering, and development—R.E. & D., and calls for increased program levels for airport development and planning grants, which would be consolidated into a single program. These funding levels are based upon our estimates of what the system needs and what we can reasonably obligate in the respective fiscal years.

Our bill emphasizes improved system planning, as well as the development of critical reliever airports in large metropolitan areas that are experiencing traffic congestion now or are expected to within the next decade. In addition to structuring our legislation to meet this safety and capacity priority, we have sought to accommodate the environmental needs of the system by broadening the eligible uses of airport grants to encompass certain noise compatibility items and the planning of noise abatement actions. We have also emphasized the provision of adequate navigation aids and airport facilities at points receiving scheduled commercial air service.

Further, the bill provides for greater State involvement through the administration of airport grants to smaller airports. To facilitate competition in air transportation, it contains provisions for keeping facilities available for use by air carriers on fair and reasonable terms without unjust discrimination. Last, it sets out a taxing structure for continuing the Airport and Airway Trust Fund, while providing for relief of the general taxpayer through greater use of the trust fund to pay the costs of operating and maintaining the Nation's airway system.

I would like now to go into more detail on the major features of our proposed legislation, and then I will discuss the major differ-

ences found in your proposal and our views regarding those differences.

As I mentioned earlier, our proposal calls for higher funding of the facilities and equipment program. This program finances the capital costs of the airway system and permits the acquisition, establishment, and improvement of radars, navigation aids, instrument landing systems, and air traffic control facilities. The F. & E. program is, therefore, instrumental in providing safety and efficiency enhancements to our air transportation system.

Under the current F. & E. program, there is an annual authorization of not less than \$250 million. Our proposal would increase the funding level to \$350 million for fiscal year 1981, and by \$35 million each subsequent year through the end of fiscal year 1985, accounting for a total of \$2.1 billion for F. & E. authorizations over the 5 years of our proposal. As you are aware, Mr. Chairman, one key use of the F. & E. program is to provide improved facilities at reliever and satellite airports to reduce the mix of general aviation and air carrier traffic at major air carrier airports. I have recently announced a major initiative with respect to such airports, and seeing such a program to a successful conclusion is a high priority with me. Another element of the F. & E. program which I regard as being very important is an extensive effort to upgrade existing facilities by replacement of vacuum tube systems with solid state components. This will provide more reliable service and will produce maintenance and energy savings.

We also are proposing a steady increase in the funding authorization for the FAA's research, engineering, and development program. Current R.E. & D. funding of \$75 million would increase to \$90 million in fiscal year 1981, with an increase of \$5 million annually thereafter. This would provide \$500 million from 1981 through 1985, to enable the FAA to pursue R.E. & D. programs that will contribute to future safety and efficiency in the system.

When we visited with aviation officials throughout the country, many told us that the airport grant program was, on the whole, working well, and that the major change to the program should be increased funding. Our own analysis of the needs of the Nation's airport system concluded that somewhat higher funding levels were, indeed, desirable. The levels we have proposed in our bill for airport grants increase from \$700 million in fiscal year 1981 to \$900 million in fiscal year 1985, with a total funding level of \$4 billion over the 5-year life of the program. This level of funding is nearly as much as was authorized under the current program for the entire decade of the 1970's.

In determining funding requirements for F. & E., R.E. & D., and airport grant programs for the period 1981 through 1985, anticipated aviation activity from the present through 1990 was used as the basis for analysis of the system. For certain critical issues, such as the requirements for the establishment of major new airports, the economic impacts of proposed aviation navigation systems, replacements of major components of the system, and development of new concepts of air traffic control, analyses were carried out through the year 2000 and, in some cases, beyond.

Aviation related forecasts through 1990 predict a substantial increase in aviation activity and supporting FAA services. For

example, the air carrier industry is projected to experience a 73-percent increase in passenger enplanements while the commuter airlines are projected to experience an 89-percent increase in passenger enplanements between fiscal years 1978 and 1990. The general aviation fleet and hours flown by general aviation are expected to increase by more than 65-percent during the same period.

Instrument operations at airports with FAA traffic control services are forecast to increase 59-percent between fiscal years 1978 and 1990, while itinerant and local operations at those airports are expected to increase 50 percent. FAA Air Route Traffic Control Centers are expected to handle 45.6 million instrument flight rules—IFR—operations during fiscal year 1990, up 62 percent from 1978. Total flight services are forecast to experience the highest growth of the three major FAA air traffic areas, rising 91 percent.

In recognition of this continued aviation growth, our proposed funding levels are intended to deal with the needs of the system for added capacity, new facilities and equipment renewal and replacement of existing facilities and equipment, and further research and development of new and refined technology such as collision avoidance systems.

Besides higher levels of funding for airport grants, our bill provides for a restructuring of the program to give greater emphasis to improved system planning and the development of new and expanded reliever airports in the larger metropolitan areas. A new apportionment category would be created to provide added funds for approximately 37 of the busiest air traffic hubs, which would be known as primary hubs. The funds could be used for development or planning projects at airports within the hub area, based on a hub system plan and associated consolidated improvement plan developed jointly by the local airports. This approach should result in increased local decisionmaking and, over time, should reduce the Federal administrative effort required. Moreover, this new category is expected to result in greatly increased Federal aid for new capacity at reliever airports. It is also designed to overcome local institutional objections to getting this capacity into place which, as you know, can be even more of a problem than money alone.

At the State level, our proposal would allow those States with demonstrated capability to participate, on a voluntary basis, in the administration of airport grants for smaller airports. Block grants would be issued to participating States for use at the smaller airports within their boundaries. This would allow the States to take the lead in the allocation of airport project funds at the smaller airports and should assure a system that is more responsive to State and local needs. At the same time, any airport located within a State that has elected to participate in the management of the airport grant program would have the option of either being a part of the State's program or continuing to deal directly with the FAA on an individual project basis.

In our proposed bill, we have also dealt with the program management difficulty occasioned by the excessive number of small funding categories in the present program. Under the current program, there is an annual authorization of \$15 million each for reliever airports, commuter service airports, and planning grants and a similar amount for a general aviation discretionary grant

program. When these relatively small amounts are divided to meet needs across the country, they tend to be inadequate. The mandatory earmarking of entitlement funds, based on passenger enplanements, in annual amounts from about \$300,000 down to \$50,000 for approximately 300 of the smallest air carrier airports has also been relatively ineffective. These small annual amounts provided on a per-airport basis, even when accumulated for up to 3 years as permitted under the present program, are insufficient to accomplish most typical airport development projects. This leads to virtually automatic dependence on additional grants of discretionary funds and/or the possibility of marginally beneficial use of the "entitlement" funds. The proposed program consolidates these smaller categories, giving sponsors access to much larger funding pools to meet the highest priority needs.

The existing planning grant program will be consolidated into the new program structure, with planning being an eligible item of development rather than a totally separate program. Planning needs, rather than being tied to a fixed amount each year—which has been inadequate in some years and more than needed in others—will be assessed on a case-by-case basis and will receive funding in accordance with actual needs.

One area which received considerable attention in the development of our proposal was the question of possible aid to privately owned, public-use airports. The issue is controversial, and we found tremendous concern by all parties over how such assistance might be provided with adequate protection of the Federal investment. Our proposal provides a mechanism whereby Federal assistance may be provided, with proper assurances, to privately owned reliever airports as part of the block grants issued to States participating in the block grant program discussed earlier.

Our proposed legislation also addresses the question of how to deal with the aircraft noise problem within the vicinity of airports. This issue has been of substantial concern within the aviation community for many years. In 1976, the existing program was modified to allow the use of funds for the acquisition of land for noise abatement purposes and for the purchase of noise suppression equipment. To further reduce the adverse impacts of aircraft noise, our proposed legislation would permit the use of airport grants for the soundproofing of schools, hospitals, and public health facilities near airports and for the acquisition of noise monitoring equipment. The legislation would also explicitly encourage planning to address noise problems and to develop specific abatement actions. Funneling these grants through the airport operators would both provide an incentive for the operator to take a comprehensive view of noise abatement and provide a check on excessive expenditures.

In support of the Airline Deregulation Act of 1978, our proposal would require airports to be available for use on fair and reasonable terms and without unjust discrimination. For example, any air carrier refused access to an airport could file a complaint with the Secretary of Transportation. If the complainant could not obtain access through voluntary means, the Secretary would have standby authority in some circumstances to order remedial action, such as the modification of lease agreements between airports and carriers.

The provision is designed to insure that the requirements for open market entry and essential air service for small communities in the deregulation law are not frustrated by the inability of new entrants to obtain access to airports.

As you know, Mr. Chairman, the airport and airway trust fund has been accumulating a growing surplus of uncommitted funds, a fact which has been widely criticized and has generated considerable debate over the merits of alternative approaches for reducing the surplus such as reducing taxes, raising program levels or expanding uses of trust fund revenues. In the development of this legislative proposal, we have sought to achieve a closer balancing of trust fund revenues and expenditures while steadily reducing the uncommitted balance without creating the need for future tax increases to avoid bankrupting the fund.

The administration's legislative proposal would seek to remove the financial imbalance within the trust fund through several means. First, the proposal would retain, with one modification, the existing aviation user taxes. Second, it would provide increased program levels for 1981 through 1985 for airport grants, F. & E. and R.E. & D. And third, the trust fund would be used increasingly, in place of general tax revenues, to fund the FAA's cost of operating and maintaining the airway system.

Although I recognize the committee jurisdictional considerations involved in the taxing aspects of this program, I nevertheless would like to briefly touch upon our tax proposals. Our proposal would move gradually toward greater overall cost recovery through a progressively higher level of tax collections from general aviation and recovery from all users of an increasing portion of the FAA's costs of operating and maintaining the airway system. The increased cost recovery from general aviation would result from the imposition of a new 6-percent excise tax on new aircraft and avionics sales and the conversion of the existing 7-cent-per-gallon tax on aviation fuel to a 10-percent ad valorem tax. The latter modification will produce increased tax collections over time as the price of fuel increases. This concept is analogous to the passenger ticket tax or freight waybill tax, both of which are based directly on a percentage of the cost of the service provided.

The reason for recommending increased taxes on general aviation is that it is the administration's policy that users should pay a proportionate share of the costs of the Federal airport and airway system. Currently, aviation taxes collected from system users equate to nearly 60 percent, in the aggregate, of the costs allocable to civil aviation that are incurred by the FAA in equipping, operating, and maintaining the airport and airway system. The users of commercial air service are paying amounts equivalent to about 90 percent of the costs incurred by the FAA in their behalf, whereas the comparable figure for general aviation is in the range of 14 to 25 percent, depending on certain assumptions used in the allocation of costs. Enactment of these proposed tax changes along with the proposed program authorizations would increase the level of recovery from general aviation to about 24 to 44 percent, again depending on certain allocation assumptions. Recovery from the users of commercial aviation would be in the 95-percent range. Though the general aviation users would still be paying a much

lesser share of the FAA costs attributable to them than would the users of commercial air service, the gap would be much smaller and thus would represent more equitable treatment of all system users.

The second related piece of the cost-recovery package addresses the question of who should pay for the costs of maintaining and operating the airway system. This proposal would enable a much greater portion of these maintenance and operation costs to be borne by those who most directly benefit from the system—essentially the air passengers. This would be done through the transfer each year of over \$1 billion from the airport and airway trust fund to reimburse the General Fund of the Treasury for a portion of the costs of maintaining and operating the airway system. The actual amounts authorized for transfer would be \$1.3 billion in fiscal year 1981, \$1.45 billion in fiscal year 1982, \$1.6 billion in fiscal year 1983, \$1.75 billion in fiscal year 1984, and \$1.9 billion in fiscal year 1985, for a 5-year total of \$8 billion. Assuming no major cuts in user taxes, these levels would maintain a reasonable, though smaller, surplus in the trust fund. The surplus would essentially phase out by 1990 without tax changes if spending levels were to continue at levels similar to those proposed through 1985 in our bill. Not only will this approach permit better use of the aviation tax dollars that are already being collected, but it will relieve the general taxpayer of a substantial financial burden for costs incurred by the FAA on behalf of the users of the aviation system.

I would like to turn now to a discussion of the major differences between the administration's bill and the legislation you and other members of the committee have introduced, Mr. Chairman.

The significant differences between the legislative proposals can be boiled down to about six basic points: (1) your proposal would, after fiscal year 1981, eliminate the larger airports from the airport grant program while ours would retain their eligibility; (2) your bills propose reducing the passenger ticket tax from 8 percent to 2 percent while ours would leave it unchanged; (3) our bill calls for a greater degree of cost recovery from general aviation through the imposition of an excise tax on the sale of new aircraft and avionics for use in noncommercial aviation; (4) while your bill provides the general taxpayers with slightly more relief than they are getting under the present law, our bill calls for system users to pay a larger portion of the costs incurred by the FAA in maintaining and operating the airway system; (5) in our bill, we have sought to promote access by air carriers to new markets in support of the purposes of the Airline Deregulation Act of 1978; and (6) there are some differences between the bills in emphasis and support for noise abatement efforts.

Perhaps the most fundamental difference between your bill and our proposal is the concept of removing approximately 72 of the Nation's largest airports from the airport grant program. This is certainly a direct approach toward addressing what some have long perceived as an anomaly in this Federal assistance program. By this, I am referring to the fact that the same airports which qualify for the most funds under past and current distribution formulas are, by virtue of their high-activity levels and consequent revenue-raising potential, usually the airports with the least intrinsic need

for Federal assistance. It is my understanding that this is the reason that the old enplanement formula which had been used to allocate funds among the airports during the first 5 years of the airport development aid program was changed to a sliding scale in 1976. I am, of course, mindful at the same time that it is the passenger enplanements at the large airports which generate the bulk of the revenues in the trust fund. Some operators of those airports thus have felt that this argues for a greater return to them in the form of airport grants in addition to the other system enhancements financed under the other trust fund programs.

In the time available since the introduction of S. 1648 last month, we have looked at two major questions which we believe need to be carefully addressed and understood before a final judgment can be reached on the overall merits of removing the larger airports from the airport grant program. The areas in question concern the continued financial viability of the airports that would be dropped from the program and the continued applicability, or inapplicability as the case may be, of requirements which have been imposed on these airports by other Federal statutes or as a condition to receipt of a prior Federal airport grant.

With respect to the issue of continued financial viability, I believe hardly anyone would seriously argue that the 25 or so largest airports, which each enplane annually over 1 percent of total national enplanements, really require an airport grants program for their economic survival. In fact, studies indicate that these airports have considerable revenue-raising capability and, therefore, need not be reliant upon airport grants. The question then becomes: At what point or level of activity would we find that airports would have serious financial problems without grants or other similar financial assistance?

Our preliminary analysis suggests that the airports which exceed about one-half of 1 percent of the total national enplanements would generally be able to cover their capital requirements from their net operating revenues without having to seek alternative revenue sources or without having to modify existing long-term financial agreements with the airlines. For airports which fall below that point—and there are about 35 which would be dropped from the program by your bill that would fall in this category—some alternative revenue source or mechanism would generally be required.

Based on a recent FAA staff survey, which included 14 of the airports that would be dropped from the program, we found that airports typically have a great deal of flexibility in the amount of airside fees charged to the airlines. Airport use arrangements generally do not prevent changes in airside fees to finance additional airside construction. Thirteen of the fourteen airports surveyed had an airport use agreement with the airlines, and all of them stated a method of airside fee computation rather than an absolute fee level. Thus, as airside capital costs change, the fee levels are adjusted accordingly. The 14 airports had no formal use agreement but didn't need one as its fees were set by county ordinance and could be changed at the discretion of the county government.

All of this tends to lead one to the conclusion that, while the affected airports would have to find some alternative revenues,

there would generally be no serious obstacle to obtaining any such needed revenues through recomputation of landing fees and other use fees paid by the airlines. In a few cases, airports may have to rely on greater local community support to meet their capital needs. One point I want to emphasize, though, is that we are concerned that the modification of fees, or the use of alternate revenue mechanisms which might be employed, could have an undue impact on commuters or air taxis which could conflict with our overall policies concerning service to small communities. Also, I am fairly certain that questions of reasonableness and ability to pay will be raised in connection with fees that might be levied on general aviation or commuters and air taxis at some airports.

Let me briefly touch on some of the legal and policy ramifications we perceive with section 23(c) of the bill which would allow, after September 30, 1981, certain airports to terminate a variety of existing assurances, requirements, or contractual obligations with the United States that had arisen from their acceptance of Federal assistance under several statutes. The section would also prohibit any State, or political agency thereof, from enacting or enforcing any law, rule or regulation, standard or other provision having the force of law relating to any such assurance, requirement, or contractual obligation. The section would have the apparent effect of terminating legal obligations arising under section 30—the civil rights provision of the Airport and Airway Development Act—and section 504 of the Rehabilitation Act of 1973, as well as a variety of other legal requirements, including possibly title VI of the Civil Rights Act, with which a sponsor, who has received Federal assistance, would otherwise have to adhere during the useful life of a project or for the term of the grant agreement. Although the termination of these assurances, requirements, and obligations would be subject to criteria established by the Secretary of Transportation, because of the wide range and nature of the assurances, requirements, and obligations involved, it would be extremely difficult to develop meaningful criteria under which they could be terminated. We can readily see the desirability of providing an inducement or compensating benefit to sponsors who elect to forego future Federal assistance, by waiving redtape requirements that would otherwise continue in effect from former Federal assistance received. But the waivers that would be called for by section 23 go beyond redtape and conflict with the furtherance of important social and environmental goals to which all of us are committed. I would request, Mr. Chairman, that you permit us the opportunity to work with you to redefine the kinds of requirements which could reasonably be waived for certain airport operators.

Another area where we can see some potential problems is the effect that removal of the large air carrier airports from the program would have on the workability of the entire primary hub concept we are proposing. I consider this new category of funding to be a very important part of our overall program. It is the basic vehicle for bringing together the airports in a particular metropolitan area. Providing funding through such a mechanism should facilitate improved areawide system planning with major emphasis on improving reliever airports. S. 1648 would apparently make the large airports ineligible for funding under this category also. Be-

yond that, by providing that the 3-year consolidated improvement plan be developed by eligible airports, the larger air carrier airports could effectively be excluded from participation in this portion of the planning process in the primary hubs. At a minimum, it seems to us that the large airports should have an express role in the planning process. We believe these kinds of considerations need to be reviewed because we are concerned that any legislation provide for the benefits we envision from the primary hub concept.

The next three areas of difference between the legislative proposals are all financial in nature and somewhat interrelated. Concurrent with the removal of the bigger airports from participation in the airport grant program, you have proposed a 75-percent reduction in the level of the passenger ticket tax, from 8 percent to 2 percent. We believe that a tax reduction of this magnitude is contrary to the prevailing public mood concerning balanced budgets. A tax reduction of this magnitude would reduce receipts to the Federal Treasury by approximately \$7.5 billion over the next 5 years or nearly \$1.5 billion per year for each of those 5 years.

By reducing aviation tax revenues so drastically, it would not be possible to increase cost recovery from those who use the aviation system. A reduction in the taxing structure of slightly less than 1½ percentage points, rather than 6, is all that would be required to account for the removal of the larger airports from the airport grant program. The remaining 4½ to 5 percentage point reduction would preclude recovering from system users the costs of operating and maintaining the air traffic system. This would result in a greater subsidy of the aviation system user by the general taxpayer. We believe strongly that the time is long overdue for some relief to the general taxpayer, and, therefore, urge that you reconsider such a drastic reduction in the taxes paid by the users of the aviation system.

A separate aspect of our tax proposals was to obtain from the general aviation users a greater portion of the costs incurred in providing services for their benefit. We proposed to do this in two ways: First, through a modification of the aviation fuel tax, which would generate increased revenues as the price of fuel rises, and second, through the imposition of a new 6-percent excise tax on the sale of aircraft and avionics for noncommercial use. While S. 1648 adopts the concept of an ad valorem tax, the proposed rate of 6 percent on aviation fuel would amount to a reduction from the present tax level of 7 cents per gallon. Thus, it is counter to our objective of more equitable cost recovery from the general aviation sector. Since S. 1649 does not provide for an excise tax on general aviation aircraft and avionics, it would have an even greater impact upon our ability to obtain a fair cost recovery from the general aviation community. I would note, Mr. Chairman, that, under your proposal, with the large and medium sized air carrier airports removed from the airport grant program, and with increased emphasis on reliever, commuter, and satellite airports, general aviation would benefit even more than under the present airport program. It seems to me that this argues for their paying a proportionately greater, and thus more equitable, share of the costs of the program.

As I mentioned earlier, the administration's proposed legislation contains provisions that will assist air carriers in gaining access to new markets. One fact that airline deregulation has brought out is that airports are essentially monopolies. Environmental and other social considerations effectively bar, in many cases, the creation of new airports. Therefore, with virtually unrestricted entry, the air carrier is left to deal with the local airport operator. Whereas before, local airport operators could regularly be found petitioning the CAB for new service, some major airports are now in a position where there is the strong incentive to be more selective in the access granted to those seeking new or expanded service.

Considering the tremendous surge in air transportation experienced as a result of the Airline Deregulation Act, we are concerned that the benefits of airline deregulation, and for that matter the spirit and intent of the act, not be frustrated by artificial barriers to competition. We are particularly concerned that the major hubs remain open to receive essential air service to small communities. This will likely involve smaller carriers who may have less ability to gain access. For that reason, we believe it essential that provision be made in new airport and airway legislation to foster competition and market entry on fair and equitable terms and without unjust discrimination.

Undoubtedly, there are a number of ways in which this can be done—ours is but one way developed after lengthy deliberations and discussion with our counterparts in the Civil Aeronautics Board who share our concern over this issue. We will be pleased to work with you on this, as well as other facets of the proposed legislation, to develop a sound legislative solution to this problem.

Another point I want to touch upon, Mr. Chairman, concerns the provisions we have proposed in our legislation to assist in the overall efforts to abate aviation noise which, as all of us recognize, is a severe problem for many airport communities, and which has served as one of the major impediments to airport development. We have expressly made noise compatibility planning eligible for funding as airport planning. Though your bill does not expressly include noise compatibility planning, we believe that your definition of planning would enable us to include noise compatibility planning within the program. We believe such planning is an important tool to aid in combatting aviation noise. Also, we would point out that removing the larger airports from the airport grant program would exclude them from noise-related grants, and from the requirement to consider noise impacts in their development plans since NEPA requirements would no longer apply. And, in general, it is the larger airports that have the biggest noise problem. We believe that noise considerations should be more thoroughly explored, and that it is an area in which we will all likely benefit from the views of others in the aviation community who would be directly affected.

Mr. Chairman, we do have other concerns and questions about your important legislative proposal. For one thing, we favor a lower maximum Federal share for projects at eligible airports. But, instead of touching further on areas of difference, I would prefer to mention one of the significant areas of agreement between our proposals, and to suggest that there is something we can do in that

area right away. Both of our proposals recognize the importance of a discretionary fund as a means of assuring that the airport grant program can be fully responsive to evolving national aviation priorities. As you know, Mr. Chairman, our authority to administer the discretionary fund program under present law will expire at the end of this fiscal year, just 3 weeks from now. I would respectfully ask that the committee take this matter up and timely report out separate legislation to extend the discretionary program through fiscal year 1980, so that the aviation community will not be faced with an interruption to this important program.

Finally, Mr. Chairman, I want to again express the willingness of the administration to work with you and the members of the committee to help shape the best legislation possible. All of us share in the concern that we do the best we can today to deal with the air transportation system of the future. I am confident that the legislation which emerges will serve well the needs of the American travelling public.

That concludes my prepared statement, Mr. Chairman. I have a couple of charts in the back of my testimony which I believe are appended to yours.

The first two charts here have to do with the uncommitted balance in the trust fund over a period of time. First, in the administration's legislative proposal, it shows the fiscal tax and program levels that we have proposed. Basically, if our proposal is enacted, the uncommitted balance of the trust fund over the 1981 to 1985 time frame will be slowly drawn down to \$2.1 billion; over the next 5-year time frame, assuming steady continuation of what we have proposed here, the uncommitted balance of the trust fund will again slowly be drawn on down to about zero. So it is a progressive reduction.

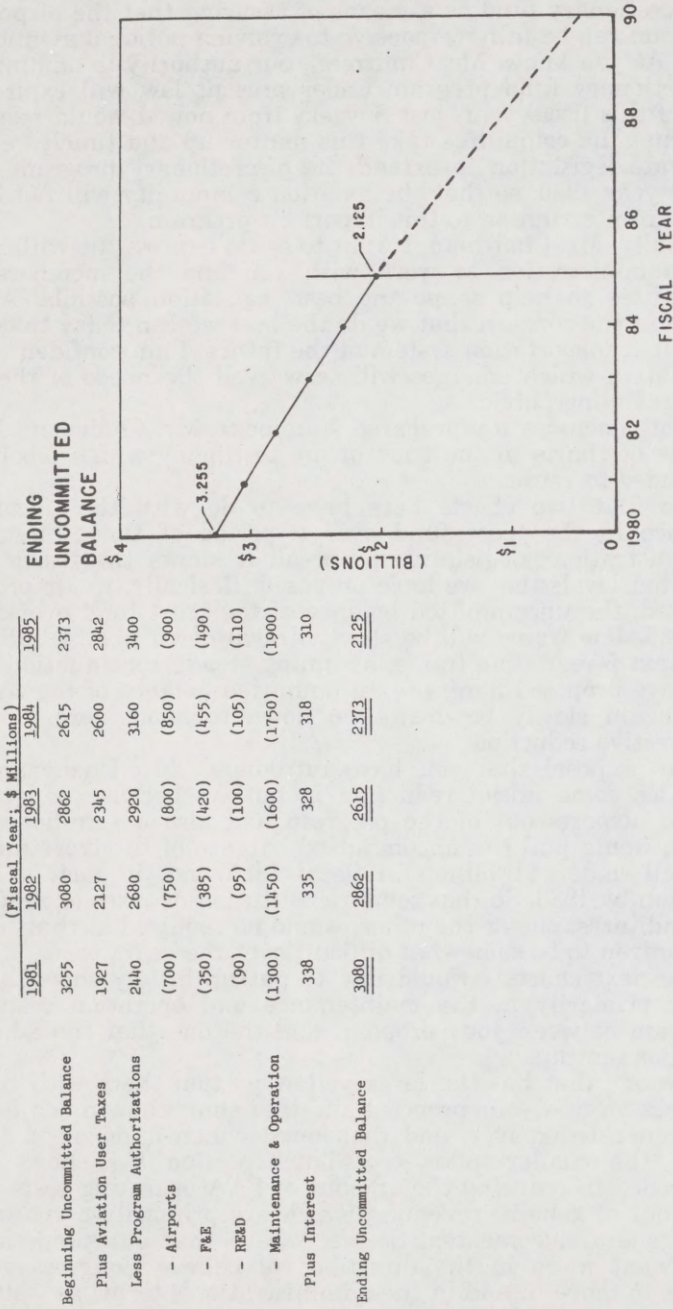
The proposal that you have introduced, Mr. Chairman, which includes some initial reduction in outlays because of letting the larger airports out of the program and also a significant cut in taxes, would pull the uncommitted balance of the trust fund down to well under \$1 billion in fiscal 1985 and, in fact, a negative position by 1986. So that some reinstitution of taxes or reduction of expenditures, one or the other, would be required at that time; this has proven to be somewhat difficult over the years past.

The next charts I would like to put up briefly show the differences primarily in the maintenance and operation costs of the program between your proposal and the one that the administration has sent up.

The one that has the large yellow portion there with the cross-hatches on it is your proposal and that shows how much is paid by the general taxpayer; and then ours, which is down on the floor there, the smaller yellow cross-hatch portion of it shows we have succeeded in reducing the amount of FAA operating costs that are paid out of general revenues, which are primarily corporate taxes and general income tax. So we believe that our proposal moves somewhat more in the direction we believe Congress generally wants to move in and in the administration's terms as well. Thank you very much, Mr. Chairman.

[The charts follow:]

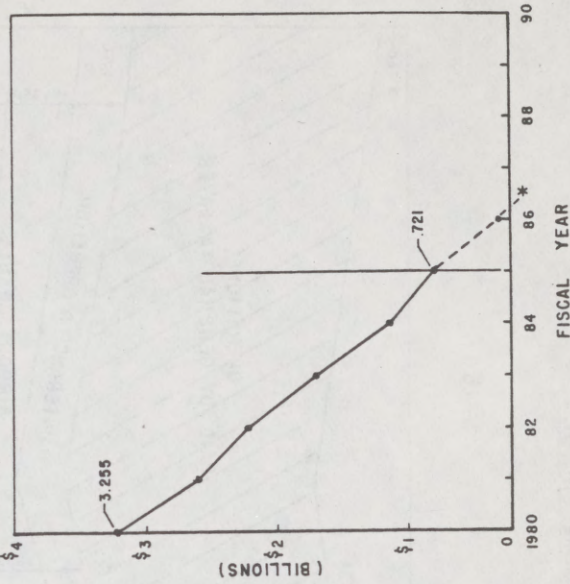
IMPACT OF ADMINISTRATION LEGISLATIVE PROPOSAL ON UNCOMMITTED BALANCE IN AIRPORT & AIRWAY TRUST FUND



IMPACT OF S.1648 AND S.1649 ON UNCOMMITTED BALANCE IN AIRPORT & AIRWAY TRUST FUND

	(Fiscal Year; \$ Millions)			
	1981	1982	1983	1984
Beginning Uncommitted Balance	3255	2634	2295	1844
Plus Aviation User Taxes	638	698	770	851
Less Program Authorizations	1590	1320	1500	1630
- Airports	(750)	(400)	(450)	(500)
- F&E	(400)	(450)	(550)	(600)
- RE&D	(90)	(95)	(100)	(105)
- Maintenance & Operation	(350)	(375)	(400)	(425)
Plus Interest	331	283	279	257
Ending Uncommitted Balance	2634	2295	1844	1322

ENDING
UNCOMMITTED
BALANCE

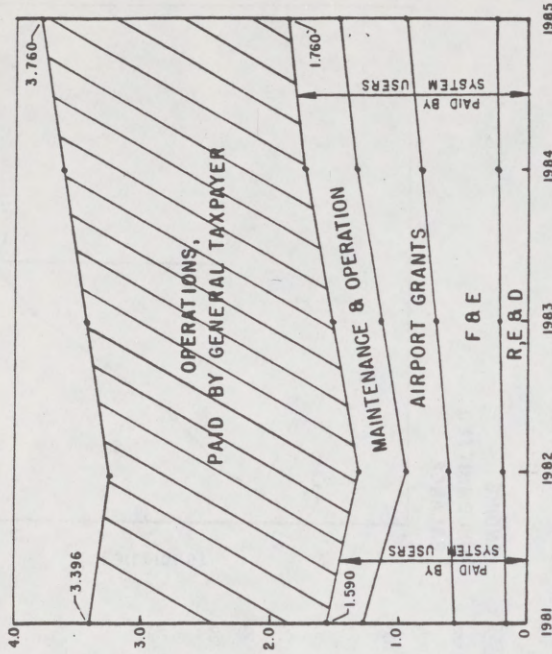
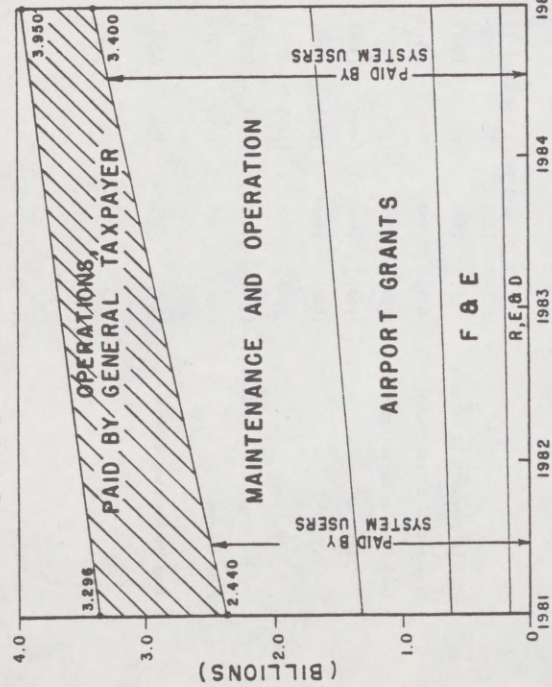


* Approximately at the end of fiscal year 1986, the uncommitted balance in the Trust Fund would be exhausted. Before this point is reached, it would be necessary either to reinstitute higher taxes or to reduce Trust Fund spending significantly.

SOURCE OF FUNDING FOR READ, F&E, AIRPORT GRANTS AND OPERATIONS APPROPRIATIONS

S. 1648

ADMINISTRATION PROPOSAL



The CHAIRMAN. Thank you, Mr. Bond, for a very comprehensive statement. You have a very positive tone to your statement with regard to eliminating the large and medium hub airports from ADAP, but I'm wondering, after hearing that statement, do you support the concept in our bill of eliminating ADAP eligibility for larger airports or not? Can you give us a yes or no answer to that?

Mr. BOND. At the moment, the answer is no, because we have decided at this hearing to continue to support our proposal and to work with you and members of the committee to see what will evolve. But we share with you the interest in the possibility in this proposal.

The CHAIRMAN. Despite the fact that your research found that the bigger airports did not need it?

Mr. BOND. Well, I think there's more to the issue than that. I'm sure you will agree there's more to the issue than the financial aspects and, yes, we do believe that the larger airports do not need that. As we pointed out, the noise planning and financing has to be addressed and the continuation of the Federal assurances. In looking into this issue I have found that one person's red tape is somebody else's important personal civil rights or environmental principles and I think that has to be looked at as well.

But basically, I think it's fair to say that the administration's position is that nobody thinks that there is an absolute requirement for continuing any Federal program just to support the concomitant assurances that go with it. If it can be shown to make sense, and I think it does make financial sense, I think we would be willing to give it closer consideration.

The CHAIRMAN. Well, then, you come back to maybe then, instead of saying no?

Mr. BOND. Well, maybe in the future.

The CHAIRMAN. Well, regarding your research in 14 airports that would be eliminated from ADAP, is it your conclusion that S. 1648 does not need any further language to reopen the rates and charges clause of long-term airport use contracts in order to allow the larger airports to replace ADAP funds?

Mr. BOND. Bob Aaronson, who did the work, might try the answer to that. He used to run an airport also, I might add.

Mr. AARONSON. Mr. Chairman, the analysis indicates, in the case of the larger half of the airports that would be removed from the program, that they could rely on existing rates and charges and simply adjust them without any real problem in the great majority of cases.

In the smaller half of the airports there may be a need to add some other type of fee or modify the structure, and in both cases some significant negotiations with the airlines might be needed.

We feel that we need to look with your staff to see if we might add some possible additional provisions that might help address this to better define the prerogatives that the airports would have in trying to work out in negotiation with the carriers how to make up the shortfall. The shortfall, as we said in the testimony, would be mainly in the smaller airports.

The CHAIRMAN. I've met with some of the airport operators and one of their concerns seem to be whether or not they could renegotiate

tiate existing contracts to try to make up that shortfall that you're talking about. Do you think that may be a legitimate concern?

Mr. AARONSON. I think it may be, Mr. Chairman, but I would also observe, that every case seems to be somewhat different. It is difficult to generalize.

The CHAIRMAN. APOA will testify tomorrow as to their concern that safety needs such as runway maintenance may go unmet if larger airports are withdrawn from ADAP. Does FAA have any concern that you can adequately assure airport safety without ADAP eligibility for the larger fields?

Mr. BOND. Well, we have assumed that airport safety can be assured. Of course, our navigation aids and other programs continue. If we felt there was a safety problem, we would use our safety regulatory authority to urge the airport to make an improvement; and, of course, we would retain the airport certification authority for the air carrier served airports.

The CHAIRMAN. So you can certainly regulate the safety requirements through that certification process?

Mr. BOND. Yes, sir.

The CHAIRMAN. Now you expressed concern about how we could address the noise problem around major airports if the large and medium hubs are removed from the ADAP program, which is certainly a fair question. Couldn't we perhaps improve local government cooperation and obtain the compatible land use goals we seek by requiring a metropolitan planning organization to develop a noise compatibility plan and then a flow of the land use grants directly to the governmental jurisdictions which surrounded the ineligible airport?

Mr. BOND. That would certainly be one approach to that problem, Senator. I guess that we weren't sure how best to approach this problem. Our concern mainly was if we throw this issue into the commercial arena of negotiations between airport operator and carrier there's a chance the noise compatibility issue will be less on the agenda and there will be a lot of reluctance on the part of airlines to cough up the money for that purpose.

While we don't have a formal position on funding through local governments, we certainly think it's a promising prospect we ought to explore.

The CHAIRMAN. That would be a possibility, rather than giving the money directly to the airport and probably would assure better planning in that particularly area?

Mr. BOND. Well, sir, in our proposal, our plan is to try to move toward strengthening planning for noise purposes as well as for reliever airport purposes in our bill.

The CHAIRMAN. One of the concerns you raise about eliminating the larger airport from ADAP is that general aviation user fees at that airport might be increased. However, the rest of your statement complains that general aviation is not paying its fair share of the system and you ask to increase general aviation's Federal taxes.

Your statement seems a little inconsistent. Would you address that?

Mr. BOND. Well, our fees for the most part are really to compensate for the cost of operating the ATC system primarily and the

general aviation contribution is only 14 to 25 percent of costs, depending on how you calculate it. I guess that I'm trying to think if there is incompatibility or not. I hadn't anticipated the question.

The CHAIRMAN. The last part of your statement is correct. You suggest raising the fees, but on the other hand, when you talk about eliminating the larger airports from ADAP you say that you're fearful that if we do that that general aviation user fees might be increased, yet you're suggesting that we increase them at the same time. In other words, it's a question of whose ox is being gored I guess and whether you get to gore the ox or whether the airport operator gets to gore the ox. Is that it?

Mr. BOND. Well, I was advised here by Mr. Onstad that our proposal is an across-the-board proposal, and it would apply to the general aviation community regardless of what airport is used. The airport user fees vary from one airport to another. There is at least that difference. Of course, I think we all know the general aviation community is going to object to any rise in the fees anyway, whether it's imposed by the Federal Government or otherwise.

The CHAIRMAN. If we drastically reduce the airline ticket tax, as in S. 1649, and leave general aviation taxes at today's level, won't we be automatically increasing the general aviation proportional contribution among all users?

Mr. BOND. Yes.

The CHAIRMAN. So we'd be achieving one of the things that you're critical of what we were not achieving earlier.

Mr. BOND. But by reducing the air carrier contribution, you only pull them down too. You don't jack general aviation up in a significant way. I'm not sure that achieves the kind of equity we're talking about.

We'd like to bring the general aviation folks up closer to the full recovery level which is about where the air carriers already are.

The CHAIRMAN. But your complaint was that general aviation wasn't paying a high enough percent on their contribution.

Mr. BOND. That would be my complaint under S. 1648 and S. 1649 as well, Mr. Chairman.

The CHAIRMAN. In your statement you say we believe that a tax reduction of this magnitude, 6 percent is contrary to prevailing public mood concerning balanced budgets.

That's a rather interesting statement. If I can follow that logic, we should continue to keep the trust fund revenues high, and its expenditures, including O. & M. very low, in order to help balance the Federal budget.

I was under the impression that the purpose of the trust fund was to promote the safety and development of the airport and airways system through users taxes.

Am I wrong in that assumption?

Mr. BOND. Mort, would you like to address that?

Mr. DOWNEY. That's correct, sir. And it's our proposal, that the operations side of it should be given a greater emphasis. Funding operations is a contribution to safety.

The CHAIRMAN. I must say, I fail to find out how that result would be achieved. Would you like to explain that?

Mr. DOWNEY. Yes, sir. If the continued requirement exists to finance operations out of the general fund, that's an issue where

those Federal expenditures have to compete with all other Federal expenditures, and it becomes increasingly difficult to finance the operations.

The CHAIRMAN. You're saying it might not be done if it had to be financed out of the general fund. Safety might be neglected.

Mr. DOWNEY. It might not be neglected, but it would be in competition with all the other activities that the general taxpayer pays for out of all the taxes.

The CHAIRMAN. If that analysis is true, would it then follow that safety has been neglected up to this time?

Mr. BOND. I wanted to add that, Senator, one of the proposals this Administration has sent to the Congress includes —

The CHAIRMAN. You know, one of the problems I have with your approach—of course I have a lot of problems with it—is the fact you see a big fat plum up there in the nature of the trust fund that you'd like to have the Administration—not just this, but any administration would like to say there's a big fat plum we can go after and help us balance the budget.

Now, the trust fund was never established for that purpose. It was established for a very precise and very specific purpose. It happened to be here and have a part in it at the time.

But I don't care whether you look at this trust fund or the highway trust fund, or what have you. Everybody sees that as a chance to go and get some free money, as they look at it, from the Administration standpoint.

I don't see it that way. We made representations to the general public as what that would be at the time it was established and what it would be used for.

And I, for one, am not about to go along with a proposition that would permit an invasion of it in any way, shape, or form, if I have anything to say about it.

Now, the tax reduction in S. 1649 is a mechanism to return the trust fund surplus to the users that created it in the first place.

You, on the other hand, would return that surplus in part to the general taxpayer.

Now, you and I disagree over the future formula for user versus taxpayer contributions, which I think is a legitimate area of concern and difference of opinion. But the surplus was created over the past 10 years under a law which was a compromise between the executive and the Congress about how much O. & M. funding should be from the trust fund.

And I may say that we've increased it since that initial act was passed, and I don't see how it would be fair to return that surplus to anyone but the user that created it in the first place.

Now, do you disagree with that?

Mr. BOND. I do, Senator, and I have to allude to what I guess are larger national tax policies than I am an expert on, but essentially it seems to me that the Nation is facing a problem in which it seems the growth of general revenue taxes, which is to say the income tax—personal and corporate income tax—is at a staggeringly high level to the point where it is suppressing individual initiative. There's a terrible burden, and Americans are beginning to realize that—the bad aspects of that high tax rate. And I feel that almost any piece of legislation coming before the Congress inevita-

bly is treated as an exception to the rule, that this little bit here doesn't contribute to the reducing of high general tax rates.

But it really does. I think nothing can be exempted from that and if the country is to return to its competitiveness to try and reestablish individual initiative, let people keep the money that they earn, then relieving the burden on the general taxpayer is a legitimate national goal.

The CHAIRMAN. Yes; but you're relieving the burden of the general taxpayer by taking money that was contributed by the user for a very precise purpose on the representation that it would go into a trust fund and be used for that purpose.

Now, you're saying, let's go get that now and relieve the burden on taxpayers in the future.

As a matter of philosophy, in the future you may have a good point, except for the invasion of the trust fund that has already accumulated under a very precise law that was enacted upon certain representations as to what would be done.

Mr. BOND. Well, sir, I was of course not party to the drafting of this. You said you were. But my understanding is that initially when the bill was put forward, there was one provision for recapture of operating costs in the initial bill as well, and that the deal fell apart when the first appropriation, which happened to be under a Republican administration, proposed a lot of money for F. & E., I guess, and for operating costs, and not enough for airports, which was the reverse of the current situation.

The Congress in a bipartisan move chopped down operating costs and put back what was anticipated for capital costs. And our proposal, after a lot of thought, is to try to redress the balance between those two expenditure levels, and to get back to where we perceive the bill began.

The CHAIRMAN. Well, of course we get back to that point in our bill and we get back to it much quicker than you would under your proposal there.

In 1985 you have a \$2.5 billion surplus still in a trust fund, if I recall from your charts.

Mr. BOND. Over \$2 billion, that's right.

The CHAIRMAN. I'm sure it never occurred to you or the Administration that that much in the trust fund would be a nice little hedge there to draw interest on for another 5 years out beyond 1985.

Mr. BOND. I—our proposal on this was based on drawing the trust fund down to a low or essentially zero balance over a 10-year period, and that is really what dictated our cash flow position.

The CHAIRMAN. Turning to another subject, why do we need new powers for the FAA and CAB to assure that airport operators do not discriminate against users beyond what is already in the law.

Haven't you been successful with the existing statute in the discrimination cases you've encountered over the past few years?

Mr. ONSTAD. Mr. Chairman, quite frankly, the authority of the FAA under the Federal Aviation Act, section 308(a) has not been tested adequately in court. There is the provision 308(a) going back to 1941. There's an opinion on the subject that indicates we do have the authority that we have been using to date. However,

there has been no case prior to the airline deregulation where an air carrier was refused access to an airport.

Airports were encouraging the air carrier to come forward. We are now in a situation where that is changing. People are beginning to realize that airports are in fact monopolies and have certain monopolistic powers. We are also confronted with this situation—so the first point, Mr. Chairman, is that the power has not been tested, and there is substantial concern as to whether or not it's adequate.

The second point is that local government airports may or may not be exempt from the antitrust laws under prevailing case law. It's unclear whether or not they're exempt from the antitrust laws.

Therefore, you would leave the airline in a situation where it would not have the authority to sue the airport under those provisions.

The final point that I would make, Mr. Chairman, is that under the existing law it's very difficult for the air carrier himself to bring a right of action. That's why we have third party right of action in our proposed bill, and we think it's important for the air carrier to have that option, to sue the local municipality when it's the subject of unjust discrimination or some other illegal act.

The CHAIRMAN. Mr. Bond, as I'm sure you're aware, Senator Mathias has introduced S. 1013, which would require you to put into effect comprehensive noise abatement plans for airports operated by you.

What is your position on that bill?

Mr. AARONSON. Mr. Chairman, we are proceeding as rapidly as we can on the concepts reflected in that particular proposal.

And therefore it's obvious that we have no objection to them. But we're not sure we see a need for legislation at this time since we are proceeding to carry it out.

The CHAIRMAN. How much funding does your bill propose for statues inside airport terminals?

I take it from the delay in answering it must include some.

Mr. BOND. There's no real provision in there, but our bill essentially continues the present structure of the act which does permit in the terminal portions of the bill some money to be set aside and used for the embellishment of the terminal.

That's art, and that could be a statue.

The CHAIRMAN. That would be one way of reducing the trust fund.

Mr. BOND. I am aware of your strong feelings on this subject—all fairness, there have not been great, vast incursions into the trust fund for the purposes of art. There was one called for at the Atlanta airport, the location of which I recently inspected.

It's going to be visible to everyone who goes through the airport.

The CHAIRMAN. I was about to ask you, did you find out in that inspection how that contributes to safety?

Mr. BOND. It does not contribute to safety. It's under the terminal section of the law; neither that nor terminal development, in my opinion, is directed toward safety.

The CHAIRMAN. Do you prefer your proposal for Federal assistance to privately owned reliever airports or the more liberal approach taken in S. 1648?

Mr. BOND. I guess we would at the moment prefer ours. We are pretty well concerned about the use of Federal funds for private purposes. But I must say that it's a very difficult one to address, and I commend your thinking on the subject.

The CHAIRMAN. Returning to the defederalization concept, you point out that 35 airports enplane less than one-half of 1 percent of the total national enplanement, which would be dropped from the program under our proposal; would require an alternative revenue source. We've assumed that is true of all the airports taken out of ADAP and the alternative revenue source is raising their landing fees on the airlines who would pass the cost on to the passengers, who are enjoying a 6-percent fare reduction under the tax bill.

Now, are you saying the bottom 35 medium hubs need something different, and if so, what?

Mr. AARONSON. Mr. Chairman, I mentioned earlier that this does tend to differ considerably from case to case, so with that caveat, one of the factors that comes in is in many of the agreements between the airlines and the airports there is a breakdown by cost center so that the fees that are collected for the operation of the air side are designed to pay the cost of the air side and not provide a cross-subsidy, if you will, for the terminal side.

Our analysis looked at the airport as a whole, and there is a question here if one tries to maintain that principle reflected in many of the current leases, as to whether some form of charge in addition to a landing fee might have to come in.

But we feel that would be something that should be worked out on a case-by-case basis.

And there is some question in our mind, as I mentioned earlier, as to whether there might be a way to facilitate the airport's capability to work out those additional arrangements.

Mr. BARCLAY. Mr. Aaronson, let me explain why we are having a little problem as to why this would raise a problem in the smaller to medium hubs.

If you take someone like Tucson International, it's in the lower quarter of medium hubs and is among the most successful. In fact, they were the second most successful in getting ADAP over the last 9 years.

They have had 831,000 enplanements or 1.7 million passengers going through the airport over 9 years. They received \$12 million in ADAP.

That works out to \$1.4 million a year or about 80 cents a passenger moving through the airport. And we're wondering why there's a problem raising your fees to the extent of 80 cents a passenger when the average passenger is worth about \$77 to the airline.

Mr. AARONSON. We don't feel there is a problem. I think the testimony tried to address that. The only possible problem is that landing fees, as the committee recognizes, are not based on per passenger. They're based on weight of the airplane.

It's almost a philosophical question, a question as to how the leases are structured, as to whether that kind of additional revenue would most practically be obtained through an adjustment in the landing fee or some other type of charge.

And from our standpoint, we're not suggesting this is a large issue. We just feel there is a range of alternatives.

The CHAIRMAN. Mr. Bond, how can the States effectively take over a larger role in the administration of ADAP when virtually every user group, including the airports that receive the funds strongly object to dealing with the State aviation agencies.

Mr. BOND. Well, I have some experience with that, having run a State department of transportation. And my experience in the State of Illinois with the cooperative program with local airports was very, very positive in our State.

The State of Illinois provided technical assistance, financial assistance to match Federal grants. We provided State only grants for items that were not eligible for Federal assistance; the relocation assistance I mentioned and the list of help we provided to smaller airports in the State of Illinois was very long and very, very well received.

And based on having done that in Illinois, I can't imagine that the program would not work very well in other States, provided that State government itself is able to provide the kind of assistance that is needed.

One further comment is that based on my experience, larger airports of the larger hubs are less fond of State roles than the smaller ones are because they themselves are quite capable of dealing with Federal redtape and bureaucracy and engineering requirements, and so on.

Our natural allies at the State level were not O'Hare or Midway, but rather the smaller airports.

And we found it a very, very productive and helpful relationship in every step provided by the State government.

The CHAIRMAN. Did the State demonstration programs provide any conclusive evidence under State administration of ADAP?

Mr. BOND. I don't think they're over yet.

Mr. AARONSON. Mr. Chairman, as you know, the demonstration did terminate at the end of the last fiscal year, and we submitted the evaluation report that was due the Congress in June 1978.

All of the funding is terminating at the end of the current fiscal year, 1979. The only thing that the program demonstrated conclusively was that the four States involved were able to do a reasonable job, given all of the circumstances that attached to the demonstration they conducted. For example, a number of projects that they inherited were in fact projects where there had already been some work done on the front end between FAA the airport.

In other cases, the project involved environmental delays which from the time that the State became involved have taken considerable time to process, just as they would for the Federal Government.

So by and large, what I'm saying is that given some allowance for a learning curve on the front end to learn the administrative techniques that our people have to learn and given an allowance for some slippage or administrative failure rate that we would experience, or any Federal agency would also experience to some degree, the performance has been comparable.

But we don't feel that anything of an earth-shaking nature has been divulged by this demonstration that we would not have anticipated.

The CHAIRMAN. I guess from your answer, you're saying there aren't any real conclusive results that came out of it.

Mr. AARONSON. Mr. Chairman, to a degree—in the case of these four States, given a limited amount of time in which to judge, they were able to do essentially as well as we felt they could do. That's not to say it was without problems, because we have problems too.

No organization does a 100-percent perfect job in administering any program.

The CHAIRMAN. When you say essentially as good a job as you can do, does that take into consideration the fact that there's one more layer of bureaucracy as a result of that?

Mr. AARONSON. Mr. Chairman, that's the one thing we don't feel we saw any evidence of because in those States conducting the demonstration program, we handed the matter over entirely to them and we were out of the picture. So that represents at worst equality with the status quo or the elimination of a second actor, in this case, the FAA.

I'd just like to expand on that slightly by going beyond the concept of the four demonstration States. Mr. Bond indicated that the State of Illinois for a number of years has had a very active program dealing with development assistance to the airports and primarily the smaller airports within the State.

Because of the structure of the Airport and Airway Development Act, the FAA of course has a very heavy and significant role in development of those same airports.

There is the potential to consolidate that role and have only one level of government. Under our proposal and under your proposal also, in a State that had the capability to become a participating State, we would go from having two levels of government to only one.

The CHAIRMAN. Senator Kassebaum.

Senator KASSEBAUM. Yes, Mr. Chairman. The cost allocation study last year stated that the imposition of an excise tax on general aviation avionics would impact adversely on safety by discouraging purchase of equipment.

Why, then, would you be supporting such a tax, particularly in light of the trust fund surplus?

Mr. BOND. Well, Senator, I think everything that costs money in our system either can or cannot be purchased, but there are larger fiscal issues here as well. And that is that the people who use the system ought to pay for it.

It's conceivable that someone might not buy a piece of avionics equipment, for example, because there's a 6 percent additional cost on it. Everything is going up pretty high, though, and on balance I think the equity, the fiscal equity of the matter, is more important.

Senator KASSEBAUM. Well, I could follow that argument, I guess, a bit better if there weren't the surplus.

Mr. BOND. You're entirely correct. They are two separable issues. One is the surplus, and we have a way of dealing with that.

The other is the simple question of equity of paying for services rendered. And those two are separable.

Senator KASSEBAUM. I'd like to follow through with a statement you made earlier about the air traffic control system being a larger part of the cost. I wonder if you have any figures representing the

percentage of use by general aviation in the air traffic control system.

Mr. BOND. We certainly do. I'd be happy to provide it for you for the record. It's very substantial. A number that does come to my mind right now is that the growth of the air carrier use of the AT system is going up around 2 percent per year, and that general aviation use of the system is going up about 7 percent per year.

So it is probably not too far from accurate to say that most of the capital improvements are being done, almost 80 percent for the benefit of nonair carrier traffic.

[The following information was subsequently received for the record:]

Question. What percent of the Air Traffic Control system is used by general aviation?

Answer. General Aviation, when compared with Air Carrier, Air Taxi and Com-
muter, and Military users is now and will continue to be a major user in every
category of FAA workload measures of Air Traffic control (ATC) activities.

FAA workload measures	Percent of use by general aviation	
	1979 esti- mate	1991 fore- cast
Aircraft operations ¹	75.6	75.6
Instrument operations ²	49.4	56.5
IFR aircraft handled ³	27.7	37.0
Aircraft contacted ⁴	81.0	81.0

¹ Aircraft operations: Total itinerant and local aircraft operations at airports with FAA traffic control service. An aircraft operation is defined as an aircraft arrival at or a departure from an airport with FAA traffic control service.

² Instrument operations: The handling by an FAA terminal traffic control facility of the arrival, departure, or overflight at an airport of an aircraft on an IFR flight plan or the provision of IFR separation to other aircraft by an FAA terminal traffic control facility. Non-IFR instrument counts at Terminal Control Area facilities and Stage III of expanded area radar service are included in the counts.

³ IFR aircraft handled: The count for FAA air route traffic control centers (ARTCC). It consists of the number of IFR departures multiplied by two (for each departure there is a landing) plus the number of overs within the ARTCC. An IFR departure is defined as an original IFR flight plan filed either prior to departure or after becoming airborne. An overflight originates outside the ARTCC area and passes through the area without landing.

⁴ Aircraft contacted: The number of aircraft with which FAA facilities (flight service stations, combined station/towers) have established radio communications contact. One count is made for each enroute, landing or departing aircraft contacted by a facility, regardless of the number of contacts with an individual aircraft. A flight involving contacts with five different facilities, disregarding the number of contacts with each, would be counted as five aircraft contacted.

Senator KASSEBAUM. Even though largely most of general aviation is visual flight rules?

Mr. BOND. In numbers, that's true, but as you well know, the folks down in Wichita are building twins and turboprop aircraft, which are equally well able to fly in our ATC system.

Ten years ago the argument was made in the general aviation community that they didn't need navigation aids, radar, and so on.

There were even proposals when faced with the possibility of taxation that we ought to shut down towers, and so on.

We don't hear much of that anymore because the community is so sophisticated today; it is an enthusiastic and full-time user of the system. And I think that the argument that the general aviation community should not pay any more is now largely a political one, rather than one based on any kind of calculations because it just isn't so.

Senator KASSEBAUM. You mentioned being the head of the program in Illinois. How was the State aviation agency funded there?

Mr. BOND. Our State aviation agency was funded out of general revenues by the State of Illinois, so our grants and our operating costs both came from general revenue.

Senator KASSEBAUM. From any State tax?

Mr. BOND. It came out of general revenues in the particular State of Illinois. We provided a good deal of a match for Federal grants. For example, many local, small communities, as you know, are not even able to make the smallest matches required for FAA grants.

The State of Illinois in the end was a great champion of the general aviation community. For the most part, the air carrier side of the business is able to sustain itself, as the Senator has pointed out.

And the Senator has pointed out that the shortfall comes from the general aviation airport. Our safety seminars, our matches, and all of our assistance went almost exclusively to Illinois general aviation airports.

Senator KASSEBAUM. You are an enthusiastic advocate, I would assume, of a block grant approach to the States, what disadvantages do you see with this?

Mr. BOND. I think the largest disadvantage is there is a psychological impairment in the minds of many of the airport operators, encouraged by their Washington representatives, who sit behind me, to block the role of State government in helping out in these programs.

And deeply in the psychological makeup is the fear that an increased Federal role will lead to more State taxes. And I think it's wrongheaded. I don't think it's proven to be the case in the real world.

One of the unseen benefits, I think, of a potential State role is that the State will become more and more involved and enthusiastic and promotional toward general aviation, which some of them are not.

It is true, as Senator Cannon has often pointed out, that the quality of State government participation is very uneven. Some States don't have very much of anything; others have got very good programs with many years standing, Illinois being one.

And so it is not true that they are all the same. And that has to be addressed.

Senator KASSEBAUM. It seems to me that's really the heart of the matter in many instances.

Mr. BOND. So it is, exactly. Our bill says that the State must first demonstrate capability to carry out the program. We do not automatically set up a block grant approach.

Senator KASSEBAUM. Thank you.

The CHAIRMAN. Thank you very much.

Mr. BOND. Thank you very much, Mr. Chairman, I appreciate being here.

The CHAIRMAN. The next witness will be Paul R. Ignatius, president and chief executive officer, Air Transport Association.

STATEMENT OF PAUL R. IGNATIUS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AIR TRANSPORT ASSOCIATION; ACCOMPANIED BY CLIFTON VON KANN, SENIOR VICE PRESIDENT, OPERATIONS AND AIRPORTS; AND SPENCER LeROY, DIRECTOR, SYSTEM PROPERTY, UNITED AIRLINES

Mr. IGNATIUS. Mr. Chairman, and members of the committee, I'm accompanied today by Mr. Chiffon von Kann on my right, senior vice president of ATA, who has coordinated our efforts in preparing for this hearing.

And on my left is Mr. Spencer LeRoy, who is director of system properties for United Airlines and who chaired a special study group that we established in ATA when your concept of a new legislative approach was first announced.

We're glad to be here today to testify. I want to say at the outset that we support the bill that you and your colleagues on the committee have sponsored.

I want to talk first briefly about our experience under the present act. It was landmark legislation at the time; it was a response to intolerable traffic delays that were occurring.

It became law in large part because of the personal leadership that you gave, and we think it's worked reasonably well over the years. But we prefer the change that has been embodied in the legislation that you introduced.

Now, you're familiar with the act. At its outset it anticipated facilities and equipment in annual installments of \$250 million a year or some \$2.5 billion over the 10-year period. About \$2.3 billion has been committed for this purpose, contributing to the safety and efficiency of the airway and airport system.

We think that the demands on the system will grow. Indeed, FAA at one of its planning conferences underscored this, saying a 300-percent growth in delays will occur unless corrective action is taken. We certainly applaud the increased levels of F. & E. that are contained in S. 1648.

We do believe that additional amounts should be provided, and in our deliberations with other elements within the aviation community—this particular group goes by the acronym ACCENT—they also believe these increased amounts will be required. We're pleased, as we say, that your bill make provision for that.

Now, with the airport development aid program, a similar amount, \$250 million, was established at the outset as an annual appropriation for this purpose, but with the passage of time and the growth of the problem, additional funds were authorized. The 10-year program, fiscal year 1971 through fiscal year 1980, as a result, totaled some \$4.2 billion for ADAP. The obligational of authority through fiscal year 1979 is about \$3.5 billion.

And the amount actually obligated through fiscal year 1978 amounts to \$2.8 billion.

Now, the difference between what has actually been obligated and what has been authorized, of course, would be much closer, once fiscal years 1979-80 obligations are counted.

ATA believes, as do the other elements in the aviation community, that the ADAP authorization should be increased; the consolidated recommendation of this group as a whole is an amount of \$875 million for fiscal year 1981. Thereafter, under the approach

that you have introduced, the amount for ADAP would be reduced because the large and medium hubs, totaling approximately 70 airports would be removed.

I gather that in your own analysis of the bill you believe that about \$350 million a year would be the amount reduced. We have worked within these figures in proposing our own recommendations. And we have increased the amount annually by about 7 percent to account for inflation.

A notable deficiency in the ADAP program over the years has been the failure to provide sufficient funds for reliever airports. The tragic midair collision in San Diego in December of last year, on which you held hearings in San Diego, underscored the need for additional support for reliever airport facilities with satisfactory letdown equipment for use in unfavorable weather when delays are often at their height.

The ACCENT group that I referred to undertook a study of 26 hub airports in an attempt to identify what reliever airport needs would be, and that information has been submitted to the FAA.

One of the problems that has arisen over the history of the trust fund has been the surplus, which today stands at about \$3 billion.

If current appropriations totals are continued through fiscal year 1985 and if the user taxes are maintained at their present level, the surplus will exceed \$9 million by the end of 1985 and continue its upward climb thereafter.

Clearly, something needs to be done to overcome this problem. The airlines support the approach embodied in your bill, where the user taxes would be reduced, the major airports defederalized, and the smaller airports and the other needs of the airport and airways program would be met by a combination of lower tax levels and the application of the trust fund surplus.

We believe the financial plan that is included in your legislation would make the needed investments possible, and would draw down the surplus, which we estimate in exhibit 1 attached to my statement, to a level somewhere around \$375 million by 1985.

So your approach would do two things, basically; it would defederalize the larger airports, and second it would overcome the problem of the trust fund surplus in a way which we believe would be both effective and equitable.

Now, with regard to the administration's bills, we and our counterpart organizations in the aviation community have a good deal of trouble with these proposals and oppose the revisions that they have suggested.

This is based on the following points: first, we believe these bills would complicate and delay airport investment by encouraging more agencies to become involved.

Second, they would substitute a greater role for the States for reduced Federal role, with no decrease in redtape.

Third, they would divert most of the trust fund surplus to maintenance and operations costs, rather than to safety and capacity needs.

And finally they would fail to insure the necessary investment in reliever airports.

Now, I'd like to turn to S. 1648 and S.1649, which we regard as an innovative proposal with far-reaching implications, some of which are difficult to quantify at this time.

The chief features, as I said earlier, would be the removal of approximately 70 larger airports, which you call defederalization, and a consequent reduction in the passenger user tax from 8 percent to 2 percent. The needs of these larger airports which have traditionally received ADAP funding would be assured by airport users after negotiation among the parties involved.

I mentioned earlier that to assure that these new proposals would be thoroughly examined, we appointed a special group of experts from our industry to review and analyze them. Based upon their work and consultation, incidentally, between members of this group and members of your committee staff and a review of the bills, now that they have actually been introduced, it is our understanding that in summary the proposed legislation would remove the large and medium hubs, reducing ADAP by about \$350 million a year.

Henceforth, additional capital funds for non-ADAP airports would be raised by fees and charges negotiated between airport operators and airport users.

The domestic passenger tax would be reduced from 8 to 2 percent; the trust fund surplus would be drawn down to fund the remaining ADAP program, F. & E., R. & D., and a modest increase in the maintenance and operation contribution. Domestic airline passengers would be benefited through the tax reduction, and the amount of money involved is substantial.

And finally, the airlines would be enabled, to the extent permitted under fare flexibility standards made possible by the Airline Deregulation Act, to recoup any additional costs occurring from the loss of ADAP funds at defederalized airports.

In summary, the proposed legislation would apply the trust fund surplus to the benefit the passengers and shippers who pay the tax money, permit a reduction of the cost of air transportation, and greatly reduce Federal redtape at the non-ADAP airports.

Now, because of these expected results, the airlines, as I said at the outset of my statement, support the legislation.

Obviously, a great deal of soul searching by our industry's airport experts and its management leaders has accompanied our decision to make sure, as best we can, that the legislation's excellent objectives will be realized in actual practice.

The benefits of reduced redtape, the visibility of the 6-percent tax reduction in a world of sharply escalating costs, the increase in traffic which such a reduction can stimulate, and the actual ability of carriers at non-ADAP airports to raise fares to recover increased fees and charges at these airports. All of these questions are difficult to quantify. On the other hand, there's little doubt that direct investment in airport improvement will be more productive than investment via the trust fund.

For this reason, the airlines have concluded that real benefits will accrue from this legislation.

Of all the questions raised, Mr. Chairman, the most critical one is how capital investments at non-ADAP airports will be main-

tained in a period when airport capacity is so vital to the future well being of the air transport system.

To understand this issue, we must first understand the present system. Every year hundreds of millions of dollars are spent for capital improvements at airports. In the overall system, probably more than 90 percent of airport needs are supported by landing fees, concession revenues, and other charges which underwrite and guarantee the bonded indebtedness required to raise the necessary funds.

The remaining 10 percent comes from ADAP and usually has the effect of reducing the amount of debt financing.

As new needs for airport investment arise, operators and airlines come together and negotiate on how the new financing will be arranged. Here an arms length relationship exists, and properly so. The airport operator wants to be certain that the facilities will be in place when needed, that they will be adequate, and that ample funds will be available. The airlines whose passengers and shippers pay the bills in the end, want to be certain that the money will not be spent until it is really needed, that overbuilding does not take place, that the money will be used exclusively for the airport facilities, and that every dollar will be invested as efficiently as possible.

The result is tough, hard bargaining with strong differences in viewpoint; but as you have pointed out, a balanced negotiation process is in the public interest.

If, after these negotiations, it is evident that the facilities are essential, the airport users must pay for them, with landing fees modified or renegotiated, and airport use contracts adjusted as necessary.

Some airport operators, and even some airlines, have expressed concern about the new concept of removing large and medium hubs from ADAP. The operators after years of hard bargaining with airline negotiators, are understandably concerned about new negotiations to underwrite new debt to replace the missing ADAP funds. This new debt could exceed \$1 billion from fiscal year 1982 through fiscal year 1985.

From the airline standpoint, there is concern about situations where large and medium hub airports are facing big construction programs, sizeable land purchases, or both. In these cases, the users of those airports must bear the full brunt of these costly programs with no help from past contributions to the trust fund from airline passengers and shippers.

These concerns have led to a rather thorough exploration of some form of passenger enplanement charge or a passenger facility charge, at least for a transition period, to cushion the impact of the new concept. On further reflection, however, the airlines have concluded that the best approach is the one you have proposed: Balanced negotiations between airport operators and airport users.

It has been suggested that S. 1648 might contain language to insure that these negotiations take place and that they are responsive to system needs. The airlines would have no objection to such language provided that the balance is maintained and that neither party is given advantage over the other.

They would strongly oppose any legislatively mandated reopening or abrogation of contracts. However, we assure you that every effort will be made to resolve this matter.

In summary, Mr. Chairman, we support this legislation. We believe that its expected results can be achieved, and we will do our part to insure that they are. There are lingering doubts in the minds of some of our members that will be erased only when it is evident in practice that the new system is working the way it is supposed to.

And we are also confident that if the results are not achieved, or if unforeseen developments impair the necessary expansion and augmentation of airport and airway facilities, you will be willing to hear the evidence and to consider modifications that may be needed.

Now, we have a few suggestions with regard to the bill. As presently drafted, S. 1648 provides for block grants to the States for development of smaller airports. While the language in your bill is an improvement over that in the administration bill, the concept still troubles us. Since you are all too familiar with the long fought issue of the role of the States in this program, it is unnecessary to reargue the case here or to reiterate our opposition, and that of all the members of the ACCENT group, to an enlarged role for the States.

We suggest instead that you consider the timing of this change, and when you do we hope you will conclude that now is not the time to make it, even if you continue to think that such a change would be desirable someday. Our reason is that the removal of the large- and medium-hub airports from ADAP is a change of major proportions affecting air terminals at which 85 percent of all enplanements take place. It must be accomplished within a very short transition period, and undoubtedly will require many readjustments affecting all users of the system. This is a big enough bite for now. Accordingly, we recommend that you defer consideration of any change in the States' role until 1985 when all of us will have a better understanding of the full effects of deregulation.

We have several other suggestions for you to consider. First, we think it better to handle the classification of airports and the funding apportionments somewhat differently than is done in S. 1648 and the administration bill. Along with the ACCENT group, we believe that between now and 1985 only two classifications will be needed: first, commercial service airports as defined in S. 1648; second, all other airports to include remaining small and nonhub and general aviation airports.

With the large- and medium-hub airports—plus any others which elect to opt out of ADAP under section 23b of S. 1648—removed from ADAP funding, we believe that for those remaining within the program, the current apportionment formula should be continued until 1985 at which time the desirability of further changes can be better assessed.

The new concept will create a few unique, but not insoluble, problems for U.S.-flag carriers. For example, the capital investment in Federal inspection service areas can be partially funded with ADAP trust fund money under the present law. This was provided for because the FIS agencies have not been funded through the

normal appropriations channels for the development of facilities to carry out their functions at airports.

Since the vast majority of passengers passing through FIS facilities do so at airports which would be removed from ADAP, the FIS facilities problem will worsen unless other arrangements are made. We believe that at these defederalized airports the FIS departments should be classified as airport users and pay for their facilities as all other airport users will do in the future, and that money should be appropriated from general funds for this purpose.

Another unique problem for U.S. flag carriers, namely, airport security charges and rate base questions, can be dealt with by appropriate language in the bill. Such language has been transmitted to your staff and we urge that it be adopted.

Our only substantive comment on S. 1649 is that the freight user tax should be reduced as a matter of principle, consistent with the reduction in the passenger user tax. We recommend a reduction from 5 percent to 3 percent.

We also have a few purely technical amendments we will submit through staff channels.

Now, at several points in this statement, Mr. Chairman, I have referred to expenditure levels recommended by the ACCENT group. Exhibit 1 in my statement depicts these expenditure levels as agreed upon for fiscal year 1981.

We believe that these levels realistically reflect the capacity needs for the system.

The exhibit also shows ATA proposed amounts for fiscal year 1982, which reflect the changes that would result from defederalizing the large and medium hub airports as well as what we believe to be necessary for meeting airport/airway systems demands.

I might note parenthetically that the total amounts we propose do not differ substantially from the amounts that are contained in your bills; and as I said earlier, assuming reduction of the passenger tax to 2 percent, and the way bill tax to 3 percent, the trust fund surplus would be reduced to somewhere around \$375 million by 1985, as shown in the final column of the exhibit.

In conclusion, in introducing S. 1648 and S. 1649, you and your colleagues have added significantly to the already historic series of aviation bills which have been considered by this subcommittee. The airlines fully support the objectives of this legislation to reduce user taxes; to reduce the trust fund surplus; to reduce federal redtape in airport capital investment.

We have recommended a number of modifications which we believe will improve the legislation, enhance the achievement of its objectives, and help to generate the system capacity on which the future of the national air transport system depends.

We urge adoption of these bills as modified by the suggestions made in this statement. My staff will be pleased to work with the committee staff in providing the necessary information to support these modifications.

This completes my statement. We will be happy to respond to your questions.

The CHAIRMAN. Thank you very much for a very instructive and useful testimony.

I want to get right to the main point of controversy between the airlines and ask if the airlines will renegotiate rates and charges at larger airports for the purpose of replacing lost ADAP funds.

Mr. IGNATIUS. We've given a lot of thought to this, Senator, and we believe that the airline view in response to this question is consistent very much with the remarks that you made when you introduced the bills.

And I'd like to quote them: "The negotiation process between airlines and airports will continue as a responsible balance to the airport proprietor's development desires. The basic philosophy of this legislation is that two sophisticated business operations which rely on each other for their mutual economic life do not need the Federal Government involved in their financial relationships."

The airlines will be responsible and will recognize that increased landing fees needed for capital projects will consume some of the 6 percentage point tax reduction. In short, we think that this can be done along the lines that you anticipated and we're prepared to do our part.

The CHAIRMAN. Based on that, why do you object to a clause in the bill which guarantees an airport the right to recapture the same amount as it would have received under ADAP?

Mr. IGNATIUS. I said in my statement, Mr. Chairman, we would not object to such a clause if it was felt that it was needed, and if the language of such a clause were even handed with respect to both parties.

We have seen some preliminary language which I believe has been suggested or may have been under consideration that we do not think is equitable, but we'd be happy to work with our counterpart organizations, representing the airports. You offered an opportunity for these groups to see if they can come up with language that we could mutually agree upon, and then to submit it to you.

The CHAIRMAN. You said that provided neither party is given an advantage over the other. Actually, the airports do have an advantage, in that they can refuse to renegotiate rates and charges under existing contracts in some instances.

Mr. IGNATIUS. Mr. Chairman, I don't want to get into the question of explicit contracts, but rather the general question of whether there should be anything in the legislation that would legislatively require their abrogation.

We have a mutuality of interest with the airports in providing air transportation; over the years we have had discussions and negotiations and changes have been made.

I would anticipate that after the removal of these larger airports from the ADAP program, there will be a need for continuation of this kind of process.

My concern would be that there be an imposition through legislative language that would oblige the renegotiation or the abrogation of existing contracts. We are prepared to meet—we recognize there will be some additional cost to replace the ADAP no longer available. A reduction in the ticket tax provides an incentive for increased traffic. The flexibility provided under the airline deregulation bill provides an opportunity to increase our fares, should that be necessary to compensate for the additional costs to replace ADAP.

We realistically see this need. We believe it can best be met through balanced negotiations. And therefore while we're willing to work to see if we can arrive at acceptable language, we think that this process will inevitably take place, whether or not such language is in the bill.

The CHAIRMAN. But you do recognize that it will be necessary for airports to make up those lost ADAP funds?

Mr. IGNATIUS. In general, the answer clearly is yes. The amount by which a particular airport may need to increase or decrease what was involved will differ, depending upon circumstances.

If you took the last 5 years of ADAP appropriations for these roughly 70 airports that would be eliminated, you have calculated—and I think we agree by and large—that you're talking somewhere between \$300 and \$400 million a year.

The question is: Will ADAP in the next 5 years require more or less than this amount. And second, how will it vary airport to airport, recognizing that some airports have received money, not only from the enplanement charges, but also as a result of the discretionary fund.

We can see that some or all of this money would have to be replaced, and we're prepared to deal with the problem in the manner I've described.

The CHAIRMAN. You expressed a concern that some operators have about the new concept with respect to the underwriting of a new debt to replace the missing ADAP funds.

You said that this new debt could exceed a billion dollars from fiscal year 1982 through fiscal year 1985. Our estimates of the effect of the 6-percent passenger tax reduction over the 5-year period would be \$7 billion, \$2 billion of which would go back to the airports.

Obviously, we're more generous to the airports, and rather than raising the airlines' concern, I think we've created a rather generous offset to any increased debt. Would you agree with that?

Mr. IGNATIUS. Yes; I believe that the amount of reductions to passengers would approximate something along the lines—I think you initially quantified it at about \$5 billion.

We did some arithmetic in our own offices, and we see that you could arrive at that figure. But the amount of money that was provided from ADAP to the airports which would be removed, is substantially less than that.

The CHAIRMAN. In your comments on the Federal inspection facilities, you advocated classifying FIS departments as airport users and appropriating their user charges from the general funds.

How much do your figures show this would cost and why would you use general funds rather than the user trust fund?

Mr. IGNATIUS. First, I will supply for the record the amount of money involved.

Second, with regard to the principles, these inspection services are operating under Federal law for the benefit of the public: Immigration Service, Customs Service, and so forth.

What we're saying is really very simple: that if this is a Federal program carried out under Federal law, in the interest of all the people in the United States, then the cost of that program should

be borne by the people of the United States, and the amount of money should come from general funds.

[The following information was subsequently received for the record:]

The total amount of money involved in classifying FIS departments as airport users and appropriating their user charges from the general funds would be \$8 million.

The CHAIRMAN. Of course, that was one of the main purposes of creating the trust fund, so that we would have money in there for those kinds of purposes, so that we wouldn't have to go back.

Mr. IGNATIUS. Yes, sir, that was one of the purposes, and the trust fund did make provision for some of these expenditures. I think a somewhat different problem which we asked you to address was that the place where these costs are incurred is at the larger airports which would be removed from ADAP. So we need to find some mechanism; I don't think it's all that much of a problem to take account of the new circumstances if your bill becomes law.

The CHAIRMAN. Considering the States have done a commendable job in the interstate highway program and that the larger airports would be outside any government assistance program, why do you object to the moderate increase of State involvement contained in S. 1648?

Mr. IGNATIUS. Two reasons. First, there is a concern on the part of the airlines, a concern that at least you recognized—whether or not you agreed with it in remarks you made a couple of months ago to state aviation officials—that the increased involvement of the State organizations could lead to higher charges on the airlines. That is one of the reasons, increased exposure to additional costs.

And we recognize that in your bill there is increased exposure as a result of the withdrawal of the larger airports from ADAP. So our people are concerned on that point.

The second reason is the fear we've had for many years, a fear which I think all the aviation community shares, that you're bringing in another level here without a concomitant reduction in other levels. It just isn't necessary.

And so we would at least for the present oppose this and hope that this particular part of the bill could be deferred in order to achieve what seemed to me, at any rate, the more important objectives: namely, to defederalize the larger airports and to overcome the trust fund surplus problem.

The CHAIRMAN. You suggest that the freight tax should be reduced to 3 percent. The current projections for fiscal year 1981 are that the ticket tax will generate \$1.4 billion, while the freight tax will generate \$87 million.

Now, even after the 6 percent ticket tax cut, the passenger tax will generate 3.5 times the revenue the 5 percent freight tax will, and considering its small revenue contribution to the trust fund and the substantial benefits the air freight receiver receives from its use of the airport/airway, what justification do you offer in reducing that tax?

Mr. IGNATIUS. First, Senator, we agree with your figures, and we agree with the magnitude of the problem, as you express it. As I said in my statement, we advocate it as a matter of principle.

Airline passengers would have a reduction. Airline shippers should also.

The CHAIRMAN. Finally, I'd just like to ask if you'd request that your members go around to the airports they serve and tell them that getting deregulated isn't as bad as some of the forecasters of doom say it would be.

Mr. IGNATIUS. That comment has been made before, and we take due note of it.

The CHAIRMAN. Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman.

The CHAIRMAN. That was made in all good humor.

Senator KASSEBAUM. I'd like to ask if you feel that the \$150 million committed for the reliever airports is sufficient in S. 1648.

Mr. IGNATIUS. I think that more has to be done here, Senator Kassebaum. To date, as I said in my statement, since the inception of ADAP, I believe only \$140 million over that entire period of time has been allocated—appropriated, and more needs to be done. Our own staff is working with the other organizations in the aviation industry, and it came up with a somewhat higher figure than \$140 million. We came up, I think, with \$70 million a year or a total for 5 years of \$350 million.

I think that's a better figure.

Senator KASSEBAUM. Do you feel that the general aviation tax ought to be increased in light of the surplus that exists in the trust fund?

Mr. IGNATIUS. People from the general aviation community will be testifying, I think, at later points in the hearing and will be able to give whatever responses they care to make to the question of equity, which the Administrator initially proposed.

In general, the notion of equitable payment by users is something that we certainly support.

The FAA studies, Mr. bond mentioned, have shown that commercial airlines pay something like 90 percent of their allocable costs, whereas other elements pay in some cases substantially less.

The question, if you're going to raise it, as to the rate at which you raise it, the ability to pay, and so forth, the committee might want to get into it. But representatives from general aviation, I think, are better able to comment on that, except for the general comment I made about equity.

Senator KASSEBAUM. You don't feel that the decrease of 6 percent would help balance out the contribution made by the carriers? Do you feel that should be taken into consideration?

Mr. IGNATIUS. The carriers will still pay a very substantial amount for two reasons: first, today the airline passengers and shippers pay in excess of 90 percent of the moneys that are contributed to the trust fund. It's around 93 percent currently.

If this bill becomes law, they will still be paying—that is, the airlines and passengers and shippers, about 83 percent of the trust fund income, so that the share paid by general aviation proportionately will be somewhat larger because our contribution would go down from about 93 percent of the trust fund income to 83 percent.

The other point I want to make—and this point did not come out in the prior testimony this morning—the bill that Senator Cannon and his colleagues have proposed not only reduces the passenger

tax from 8 percentage points down to 2, but also applies the surplus, more than 90 percent of which has been paid by airline passengers and shippers.

And I think that's an important point to keep in mind in looking at the tax reduction.

While the tax is reduced, the deficiency that results from that will be made up from the trust fund with 90 cents out of each dollar having been put forth by airline passengers and shippers. They are still going to be paying the lion's share.

Senator KASSEBAUM. Thank you.

The CHAIRMAN. Thank you very much, gentlemen; we appreciate you're being here.

[The statement follows:]

STATEMENT OF PAUL R. IGNATIUS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AIR
TRANSPORT ASSOCIATION OF AMERICA

Mr. Chairman and members of the committee, on behalf of the scheduled airlines I appreciate the opportunity to offer our comments on S. 1648 and S. 1649. In addition to its innovative features, this legislation will have a significant and positive impact on the safety, efficiency and capacity of this Nation's airports and airways between now and the end of the century. We are grateful for the foresight and leadership of you and your colleagues in sponsoring these bills.

My testimony will cover several major areas. First, I will summarize the experience under the Airport and Airway Development Act from its inception in 1970 until the present day. Secondly, I will comment briefly on the Administration bills, S. 1581 and S. 1582. Thirdly, I will discuss why the airlines believe that the new approach embodied in S. 1648 and S. 1649 is preferable. Finally, I will mention several concerns that the airlines have about S. 1648 and S. 1649, as currently drafted, and suggest a few changes for your consideration.

I am accompanied today by Clifton F. von Kann, Senior Vice President—Operations and Airports, who has coordinated our efforts within the airlines and with the aviation industry at large to prepare for these hearings.

THE PRESENT ACT

The Airport and Airway Development Act of 1970 was a national response, due in no small part to your personal efforts, to intolerable traffic control delays and increasing concern over the lagging investment in safety facilities.

1. Facilities and equipment

The Act provided, among other things, for a 10-year investment, from fiscal year 1971 to fiscal year 1980, of \$2.5 billion, in annual installments of \$250 million, for aviation Facilities and Equipment (F&E). Some \$2.3 billion has been committed over the 10-year period for the purchase of Approach Control Facilities, Navigation Aids (VOR's/DME's), and Control Towers, all contributing to the safety and efficiency of the airway and airport system. But the amount provided has been less than what the airlines believed to be necessary, and more funds will be required in the coming decade to provide sufficient capacity to meet anticipated demand. FAA data confirm this need. For example, at its Consultative Planning Conference in March 1978, FAA reported that even under the most optimistic expectations, the forecasted growth in civil aviation operations will cause a 300 percent increase in system delays by 1990 unless major action is taken.

Clearly, additional support for F&E is needed. Along with the other members of the aviation community (the "ACCENT" group)¹, which will be heard later in this hearing, we recommend a funding level of \$400 million for fiscal year 1981, growing by 7 percent per year to a level of about \$524 million by fiscal year 1985. The funding approach contemplated by S. 1648 and S. 1649 provides a means for supporting F&E expenditures at these higher levels.

¹ Deeply concerned about future system capacity and anticipating these hearings, aviation organizations formed the Aviation Community Coalition for Efficient National Transportation (ACCENT) early in 1978 to prepare recommendations for the airport and airways program. The members include the Airport Operators Council, International (AOIC), Air Transport Association of America (ATA), American Association of Airport Executives (AAAE), Commuter Airline Association of America (CAAA), General Aviation Manufacturers Association (GAMA), National Aviation Trades Association (NATA), and National Business Aircraft Association (NBAA).

2. Airport development aid program (ADAP)

The Airport and Airways Development Act originally contemplated an annual investment in airport facilities at the \$250 million level established for F&E, but subsequent amendments increased funding amounts to a current annual funding level in excess of \$600 million. The 10-year program (fiscal year 1971 through fiscal year 1980), as a result of these amendments, totals \$4.2 billion. Obligational authority through fiscal year 1979 totals \$3.5 billion, with net obligations through fiscal year 1978 amounting to \$2.8 billion. Most of the ADAP funds have been used for runway improvement, taxiways, lighting, aprons, and land for airport development.

ATA, along with the ACCENT group, recommends that the ADAP authorization for fiscal year 1981 be set at \$875 million. Under the new funding approach contemplated by S. 1648 and S. 1649, substantially lesser amounts would be appropriated in subsequent years, (\$467 million in fiscal year 1982, increasing by about 7 percent per year for inflation to a level of \$572 million in fiscal year 1985), reflecting the "defederalization" of larger airports, the major feature of the proposed legislation. These amounts can be accommodated within the bounds of the contemplated tax structure. Needed facilities at the larger airports would be determined through negotiations among airport operators and users, and financed outside of federal channels.

A notable deficiency in the ADAP program has been the failure to provide sufficient funds for so-called "reliever" airports.² Through fiscal year 1978, only about \$140 million had been obligated for this purpose.

The tragic mid-air collision in San Diego in December 1978 highlighted the reliever airport problem. As you noted at your San Diego hearing after this accident, adequate reliever airports are needed for training and for commuter and general aviation aircraft, with satisfactory let-down facilities for use in unfavorable weather, when delays are often at their height.

The ACCENT group undertook a study of reliever airport needs at the 26 most crowded airport locations. It is noteworthy that no such analysis had been made before. FAA has recently responded to the need by announcing a greatly expanded aid program for airports of this type.

3. Trust fund surplus

The Aviation Trust Fund currently shows an uncommitted surplus of about \$3 billion. If current appropriation levels are continued through fiscal year 1985, and the user taxes maintained at their present level, the surplus will exceed \$9 billion by end fiscal year 1985, and continue its upward climb thereafter.

Clearly, something needs to be done to overcome this problem. The airlines support the approach embodied in S. 1648 and S. 1649, wherein the user taxes would be reduced, the major airports "defederalized", and the smaller airports and the other needs of the airport and airways program met by a combination of the lower tax levels and the application of the Trust Fund surplus. We estimate that the recommended funding levels can be achieved within the financial concepts of S. 1648 and S. 1649, with a resulting Trust Fund surplus of \$375 million by fiscal year 1985, as shown later in Exhibit I.

THE ADMINISTRATION BILLS

The airlines, along with other members of the ACCENT group, oppose the Administration's proposed revisions to the Airport and Airways Development Act as contained in S. 1581 and S. 1582. We believe the Administration's proposals would:

- Complicate and delay airport investment by encouraging more agencies to become involved;

- Substitute a greater role for the States for a reduced federal role, with a net increase in "red tape";

- Divert most of the Trust Fund surplus to maintenance and Operations (M&O) costs, rather than to safety and capacity needs;

- Fail to assure the necessary investment in reliever airports.

THE SENATE BILLS

S. 1648 and S. 1649 constitute an innovative proposal for airport and airway development with far-reaching implications that are difficult to quantify at this time. Their chief features would be a removal of the large and medium hubs (some

² The historical definition of a reliever airport is a metropolitan general aviation airport which serves to reduce air carrier airport congestion by providing facilities and service suitable for attracting and diverting general aviation activity away from major air carrier airports. FAA uses the term "satellite airports."

70 airports) from the ADAP program ("defederalization"), and a consequent reduction in the passenger user tax from 8 percent to 2 percent. The needs of these larger airports that have traditionally received ADAP funding would be assured by airport users after negotiation among the parties involved.

To insure that the new approach would be thoroughly examined, in view of its sweeping nature, ATA formed a special group of airline experts to review and analyze the proposals. On several occasions, members of this group have met with committee staff. Based upon these discussions and a review of the bills, it is our understanding that the proposed legislation would:

- Remove large and medium hub airports from the ADAP program after fiscal year 1981, thus reducing this program by about \$350 million a year;

- Henceforth, additional capital funds needed for non-ADAP airports would be raised by fees and charges negotiated between airport operators and airport users;

- Reduce the domestic passenger user tax from 8 percent to 2 percent, and draw down the Trust Fund surplus in order to fund the remaining ADAP program, F&E, R&D and a modest increase in the M&O contribution;

- Benefit domestic airline passengers through the tax reduction;

- Enable the airlines, to the extent permitted under fare flexibility standards, to recoup any additional costs arising from the loss of ADAP funds at defederalized airports.

In summary, the proposed legislation would apply the Trust Fund surplus to the benefit of the passengers and shippers who paid the tax money, permit a reduction in the cost of air transportation, and greatly reduce federal red tape at the non-ADAP airports.

Because of these expected results, the airlines support the legislation. Obviously, a great deal of soul searching, by our industry's airport experts and its top management leaders, has accompanied our decision to make sure, as best we can, that the legislation's excellent objectives will be realized in actual practice. The benefits of reduced red tape, the visibility of the 6 percent tax reduction in a world of sharply escalating costs, the increase in traffic which such a reduction can stimulate, and the actual ability of carriers at non-ADAP airports to raise fares to recover increased fees and charges at these airports—all of these questions defy quantification. On the other hand, there is little doubt that direct investment in airport improvements will be more productive than investment via the Trust Fund. For this reason, the airlines have concluded that real benefits will accrue from this legislation.

Of all the questions raised, the most critical one is how capital investments at non-ADAP airports will be maintained in a period when airport capacity is so vital to the future well-being of the air transport system. To understand this issue, we must first examine the present system. Every year hundreds of millions of dollars are spent in capital improvements at airports. In the overall system, probably more than 90 percent of this investment is supported by landing fees, concession revenues, and other charges, which underwrite and guarantee the bonded indebtedness required to raise the necessary funds. The remaining 10 percent comes from ADAP and usually has the effect of reducing the amount of debt financing.

As new needs for airport investment arise, operators and airlines come together and negotiate on how the new financing will be arranged. Here an arms length relationship exists, and properly so. The airport operator wants to be certain that the facilities will be in place when needed, that they will be adequate, and that ample funds will be available. The airlines, whose passengers and shippers pay the bills in the end, want to be certain that the money will not be spent until it is really needed, that overbuilding does not take place, that the money will be used exclusively for the airport facilities, and that every dollar will be invested as efficiently as possible. The result is tough, hard bargaining with strong differences in viewpoint; but as you have pointed out, a balanced negotiation process is in the public interest. If, after these negotiations, it is evident that the facilities are essential, the airport users must pay for them, with landing fees modified or renegotiated, and airport use contracts adjusted as necessary.

Some airport operators, and even some airlines, have expressed concern about the new concept of removing large and medium hubs from ADAP. The operators, after years of hard bargaining with airline negotiators, are understandably concerned about new negotiations to underwrite new debt to replace the missing ADAP funds. This new debt could exceed \$1 billion from fiscal year 1982 through fiscal year 1985.

From the airline standpoint, there is concern about situations where large and medium hub airports are facing big construction programs, sizeable land purchases, or both. In these cases, the users of those airports must bear the full brunt of these

costly programs with no help from past contributions to the Trust Fund from airline passengers and shippers.

These concerns have led to a rather thorough exploration of some form of passenger enplanement charge, or passenger facility charge—at least for a transition period—to cushion the impact of the new concept. On further reflection, however, the airlines have concluded that the best approach is the one you have proposed—balanced negotiations between airport operators and airport users. It has been suggested that S. 1648 might contain language to insure that these negotiations take place and that they are responsive to system needs. The airlines would have no objection to such language provided that the balance is maintained and that neither party is given advantage over the other; they would strongly oppose any legislatively mandated reopening or abrogation of contracts. However, we assure you that every effort will be made to resolve this matter.

In summary, Mr. Chairman, we support this legislation. We believe that its expected results can be achieved, and we will do our part to insure that they are. There are lingering doubts in the minds of some of our members that will be erased only when it is evident in practice that the new system is working the way it is supposed to. And we are also confident that if the results are not achieved, or if unforeseen developments impair the necessary expansion and augmentation of airport and airway facilities, you will be willing to hear the evidence and to consider modifications that may be needed.

SUGGESTED CHANGES

There is one area in this proposed legislation that we urge you to reconsider. As presently drafted, S. 1648 provides for block grants to the States for development of smaller airports. While the language in your bill is an improvement over that in the Administration bill, the concept still troubles us. Since you are all too familiar with the long fought issue of the role of the States in this program, it is unnecessary to reargue the case here, or to reiterate our opposition and that of all the members of the ACCENT group to an enlarged role for the States. We suggest instead, that you consider the timing of this change, and when you do, we hope, you will conclude that now is not the time to make it, even if you continue to think that such a change would be desirable someday. Our reason is that the removal of the large and medium hub airports from ADAP is a change of major proportions affecting air terminals at which 85 percent of all enplanements take place. It must be accomplished within a very short transition period, and undoubtedly will require many readjustments affecting all users of the system. This is a big enough bite for now. Accordingly, we recommend that you defer consideration of any change in the States' role until 1985, when all of us will have a better understanding of the full effects of defederalization.

We have several other suggestions for you to consider. We think it better to handle the classification of airports and the funding apportionments somewhat differently than is done in S. 1648 and the Administration bill. Along with the ACCENT group, we believe that between now and 1985, only two classifications will be needed:

Commercial Service Airports as defined in S. 1648;

All Other Airports to include remaining non-hub and general aviation airports.

With the large and medium hub airports (plus any others which elect to opt out of ADAP under Section 23b of S. 1648) removed from ADAP funding, we believe that for those remaining within the program, the current apportionment formula should be continued until 1985 at which time the desirability of further changes can be better assessed.

The new concept will create a few unique, but not insoluble, problems for U.S. flag carriers. For example, capital investment in Federal Inspection Service areas (F.I.S.) can be partially funded with ADAP Trust Fund money under the present law. This was provided for because the F.I.S. agencies have not been funded through the normal appropriations channels for the development of facilities to carry out their functions at airports.

Since the vast majority of passengers passing through F.I.S. facilities do so at airports which would be removed from ADAP, the F.I.S. facilities problem will worsen unless other arrangements are made. We believe that at these defederalized airports the F.I.S. departments should be classified as airport users and pay for their facilities as all other airport users will do in the future, and that money should be appropriated from general funds for this purpose.

Other unique problems for U.S. flag carriers, e.g., airport security charges and rate base questions can be dealt with by appropriate language in the bill. Such language has been transmitted to your staff and we urge that it be adopted.

Our only substantive comment on S. 1649 is that the freight user tax should be reduced as a matter of principle, consistent with the reduction in the passenger user tax. We recommend a reduction from 5 percent to 3 percent. A few purely technical amendments will be submitted through staff channels.

At several points in this statement, I have referred to expenditure levels recommended by the ACCENT group. Exhibit I below depicts these expenditure levels as agreed upon for fiscal year 1981. We believe that these levels realistically reflect the capacity needs of the system. The Exhibit also shows ATA proposed amounts for fiscal year 1982-85, which reflect the changes that would result from defederalizing the large and medium hub airports as well as what we believe to be necessary for meeting airport/airway system demands. Assuming reduction of the passenger user tax to 2 percent and the freight user tax to 3 percent, the Trust Fund surplus would be reduced to \$375 million by fiscal year 1985.

EXHIBIT I

TRUST FUND STATUS—2 PERCENT TICKET TAX, 3 PERCENT WAYBILL TAX, \$3 INTERNATIONAL TAX

(Millions of dollars)

	Fiscal year				
	1981	1982	1983	1984	1985
Trust fund income ¹	664.2	726.4	800.8	884.5	965.8
Prior year surplus ²	2,993.2	2,203.0	1,807.5	1,375.7	904.7
Total	3,657.4	2,929.4	2,608.3	2,260.2	1,870.5
Less appropriations	(1,755.0)	(1,406.0)	(1,501.0)	(1,603.0)	(1,711.0)
Balance	1,902.4	1,523.4	1,107.3	657.2	159.5
Earned interest	300.6	284.1	268.4	247.5	215.4
Surplus	2,203.0	1,807.5	1,375.7	904.7	374.9
Appropriations: ³					
ADAP	875.0	467.0	500.0	535.0	572.0
F. & E.	400.0	428.0	458.0	490.0	524.0
R. & D.	85.0	91.0	97.0	104.0	11.0
Delay/Capacity	45.0	45.0	45.0	45.0	45.0
O. & M.	350.0	375.0	401.0	429.0	459.0
Total	1,755.0	1,406.0	1,501.0	1,603.0	1,711.0
User tax income:					
Passenger tax 2 percent ⁴	429.0	469.7	518.9	574.3	628.0
Freight tax 3 percent ⁵	57.6	64.2	72.0	80.7	89.7
International \$3	76.8	78.8	81.1	83.7	86.2
Fuel tax 6 percent	66.9	77.8	91.0	105.4	119.3
Aircraft registration	32.9	34.9	36.8	39.4	41.6
Tires and tubes	1.0	1.0	1.0	1.0	1.0
Total	664.2	726.4	800.8	884.5	965.8

¹ Trust fund income equals total user tax income.

² Fiscal year 1981 prior year surplus reflects tax reduction as of July 1, 1980.

³ All appropriations except "Delay/Capacity" raised about 7 percent annually for inflation.

⁴ May 1, 1979, FAA estimate of passenger tax adjusted upward by 12 percent to reflect part of recent fare increases which total 27½ percent to date.

⁵ May 1, 1979, FAA estimate of freight tax adjusted upward by 10 percent to reflect part of recent rate increases.

CONCLUSION

Mr. Chairman, in introducing S. 1648 and S. 1649 you and your colleagues have added significantly to the already historic series of aviation bills which have been considered by this Subcommittee. The airlines fully support the objectives of this legislation to:

Reduce user taxes;

Reduce the Trust Fund surplus;

Reduce federal red tape in airport capital investment.

We have recommended a number of modifications which we believe will improve the legislation, enhance the achievement of its objectives, and help to generate the system capacity on which the future of the national air transport system depends.

We urge adoption of these bills as modified by the suggestions made in this statement. My staff will be pleased to work with the committee staff in providing the necessary information to support these modifications.

This completes my statement. We will be happy to respond to your questions.

The CHAIRMAN. Next we'll hear from a panel, the National Association of State Aviation Officials.

STATEMENT OF MONTE B. SCHNEIDER, DIRECTOR, SOUTH DAKOTA DIVISION OF AERONAUTICS, AND PRESIDENT, NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS; ACCOMPANIED BY THOMAS W. BRADSHAW, SECRETARY, NORTH CAROLINA DEPARTMENT OF TRANSPORTATION; CLARENCE COOK, SUPERVISOR OF THE AIRPORT DEVELOPMENT SECTION, NEW YORK STATE DEPARTMENT OF TRANSPORTATION; AND JOSEPH G. MASON, EXECUTIVE VICE PRESIDENT, NASAO

Mr. SCHNEIDER. Mr. Chairman, members of the committee, I am Monte Schneider, director of the South Dakota Division of Aeronautics and president of the National Association of State Aviation Officials.

With me are Tom Bradshaw, secretary of the North Carolina Department of Transportation; Clarence Cook, supervisor of the airport development section of the New York Department of Transportation, and Mr. Joe Mason, executive vice president in charge of our Washington office.

Our submitted testimony also includes a statement from Mr. Fritz Wolf, director of the Wisconsin Division of Aeronautics, and Mr. Robert Thomas, director of the Michigan Aeronautics Commission.

We wish to thank the committee for this opportunity to testify on legislation so important to the future of our airport and airways system.

In addition to the statements we will summarize today, we have submitted for the record an appendix to the testimony and a platform and policy paper on our own proposal for a airport system capital improvement program.

This has been discussed with both the majority and the minority counsel, of this subcommittee—we will not, therefore, spend a great deal of time on it.

I would, however, like to make three observations. First, it represents an aggregate of nearly 600 man-hours of individual and committee time since last October. It is not, therefore, a hastily contrived document put together in response to a call for these hearings.

It represents the consolidated best thinking of our organization. Second, our proposal is supported by the National Governors Association.

We have also included this policy statement as an appendix to our filed testimony.

Finally, we believe it is a worthwhile program, and you will find features in it compatible with S. 1648. NASAO's primary interest lies in the airport improvement sections of S. 1648 and S. 1581. It has been our opinion for some time that the expiring ADAP bill has needed a major overhaul or even complete replacement if the Nation's airport problems are to be resolved.

Present legislation does not provide sufficient flexibility for use of Federal funds. Categorical distinctions and appropriations and project sponsorship requirements frequently prevent the expenditure of Federal funds in response to actual airport needs.

The present legislation does not recognize the essential responsibility and decisionmaking rights of the State and local officials.

It does not effectively utilize the capabilities or professional expertise of the States and airport operators with regard to airport planning, system development, and program administration.

We agree with the provisions of S. 1648, that many of the larger airports are completely capable of financing themselves. What reservations we have are spelled out in our filed statement.

I want to emphasize, however, that our testimony reflects only reservations on the subject of defederalization, not objections. With proper safeguards in the legislation, we believe defederalization can be profitably incorporated into the new law.

We also generally agree that a tax cut should be made if levels of spending cannot be increased.

At this time, I will ask Mr. Clarence Cook of the New York DOT to summarize his statement on the funding levels as they are proposed under the two bills under consideration.

Mr. Cook. Thank you, Mr. Schneider.

Mr. Chairman and members of the committee, I would like to start by referring to a study conducted by NASAO earlier this year. In March we asked members of NASAO to supply a list of all airport projects on hand waiting for discretionary funding.

Twenty-four States responded; those twenty-four historically account for approximately 51 percent of the total discretionary funds expended nationally.

Their total needs reported specifically and in detail were for \$475 million approximately. Projecting this indicates a national need of nearly \$950 million in discretionary funds as of March 1979.

Less than 0.008 has been appropriated since then. I will of course be glad to supply a copy of this detailed report with a State-by-State breakout of the airport projects needing funding, for the record.

Our purpose in citing this study is to point out that although we appreciate the need to control Federal spending, neither of the bills under consideration provide enough funding to solve the national airport problem as it exists.

My own State of New York, for example, has need for more than \$31.9 million in discretionary funding at this time. Neither bill would give us anything close to that.

The fact that we are not requesting an exponential increase in the proposed level of dollars, does not indicate that we are complacent with the proposals; but rather, as responsible public officials ourselves, we recognize the need to stop inflation wherever it's possible, and we're willing to compromise our needs to the economic tradeoff of fiscal restraint.

In order to see just what the differences would be in the funding proposals of the two bills as they relate to State participation, we developed the table on page 7 of the testimony that we filed with you.

A close analysis of that table is well worth making. It shows, for example that because of the small numbers of commercial service airports offered under either bill, many States will actually receive less money for airports than they do under the current legislation.

The analysis shows that 12 States have no airports in the 0.01 percent or less category and 15 States will receive less than they presently do for airports in this size grouping.

Under S. 1581, the administration's proposal, five States do not have airports in the less than 0.02 percent category, and 16 States would receive less than they do now for this category of airports.

Our recommendation on behalf of members of the NASAO would be that minimums be considered in these States should be the 0.02 enplanement figure and \$150,000 spending figure. Although these will not meet our improvement needs in the time span of this legislation, they will help to make a stronger contribution to it.

At this time I would also like to read the summary statement of Mr. Fritz Wolf from the aeronautics department of the Wisconsin Department of Transportation who could not be here today due to an ear illness. His doctor said he could not come to Washington on an airplane.

Mr. Wolf has been given the dubious honor of commenting on the provisions of the S. 1648 for State participation in administration of segments of the airport air program.

Conceptually, we do agree that there should not be incentive for a State to create a new bureaucracy or to turn an existing administrative unit into an empire at the expense of the Federal taxpayers.

The real incentives for a State to participate, as we of NASAO see them, should be the opportunity to make the spending on the airport development program more responsive to actual needs and to be able to do a more effective job serving the needs of the airports in our States.

However, our filed statement presents some of the problems that States have in administering the programs outlined in the two bills, and it makes the suggestion that an equitable solution to the problem of administrative costs lies inherently in defining requirements which are project related and making some allowance for any additional cost in the project allowable cost.

The normal cost of managing and supervising a program should not be charged to the Federal Government. They are the price of admission to States that wish to participate. We also include a detailed report on a survey of our members to determine their abilities to comply with the requirements specified in S. 1648.

At this time, I will note only the fact that of the 35 States responding, 31 stated that they could participate if that matching funds were required for participation. Four States said they could not under their present State laws.

At this time, Mr. Chairman, Mr. Mason will summarize Mr. Thomas' statement regarding the Michigan study and recommendations for aid to private airports.

Mr. MASON. Thank you, Mr. Cook. The Michigan proposal has been adopted by NASAO and is incorporated in our proposal. In Mr. Thomas statement, he discusses problems of closures and potential closures to privately owned/publicly used airports.

He reports on a study conducted by the Michigan Aeronautics Commission of various alternative actions, including establishment of a State and/or Federal grant in aid program for vital privately owned, public use airports; tax exempt legislation for such airports; low interest loans for them; encouraging local government sponsorship to endangered airports.

He states that Michigan, as a result of the study, believes that the only long-range solution to the problem of endangered private airports is public ownership.

To accomplish this, Michigan recommends, and NASAO supports, establishment of a separate fund in the new proposed airport aid legislation to acquire endangered private airports.

Mr. Thomas sets forth specific recommendations for criteria to be followed in utilizing these funds. The estimated average cost for acquiring 90 endangered airports is \$2.5 million each for a \$225 million total.

With a 90-percent Federal share, the Federal cost would be \$202.5 million, which could be spread over a 5-year period for an average annual appropriation of \$40.5 million.

Mr. Thomas makes the point that if new airports were to be constructed to replace those already in the system, the cost would be considerably greater.

Mr. Chairman, I would now like to introduce Mr. Thomas Bradshaw, secretary of the Department of Transportation, State of North Carolina.

Mr. BRADSHAW. Gentlemen, my name is Thomas W. Bradshaw, Jr. I am chairman of the North Carolina Board of Transportation and the secretary of the North Carolina Department of Transportation. Our department administers the North Carolina highway, motor vehicles, aviation, public transportation, rail, and bicycle programs.

However, I am here today primarily representing the American Association of State Highway and Transportation Officials, the organization of the transportation officials of all of our States having the purpose of promoting the development of a nationwide integrated transportation system. I am chairman of AASHTO's standing committee on aviation.

AASHTO has a close working relation with the NASAO. With 39 States having DOT's in one form or another, there is a great deal of interface between the two organizations. AASHTO in conjunction with NASAO has been working to develop proposals to support the development of a national air transportation system that will meet the needs of both the users of general aviation and the airline traveling public.

The comments that you have heard earlier cover very well our concerns. We will not reiterate them. We do, however, press the point that we do not represent any special interest group.

My charge as a DOT secretary and that of all the other DOT secretaries is to see that the transportation systems needed for the necessary mobility of our citizens are planned, developed, and maintained.

Our responsibility is to develop the required mobility by and from all appropriate means of transportation, not to promote one mode at the expense of the others.

Questions and concerns have been raised concerning the States abilities to handle an increased level of responsibility in the development of a national airport system. It is helpful to address these concerns by describing a very successful existing transportation program, the highway program.

Under the current Surface Transportation Assistance Act of 1978, more than \$37.8 billion is authorized over the 4-year period of the act for highway development.

This massive program is an outstanding example of a working Federal and State partnership. The partnership began in the 1920's and has developed a close relationship between the State DOT's and highway departments and the U.S. DOT and FHWA.

This partnership has built the largest and most effective ground transportation system in the world. The Interstate Highways and the Federal primary, secondary, and urban system highways create an effective national ground transportation system. That system is a national system built primarily by the State in partnership with the Federal Government.

It is a system that does not stop at State boundaries but provides continuous access to all parts of the country.

The States have planned the system. The States have built the system. The States maintain the system. FHWA and its predecessor agencies have supervised the distribution of the congressional appropriations and have developed standards in conjunction with the States.

However, in the partnership the responsibility for doing rests with the States.

The type of partnership that has proven to be effective in the highway program is now being expanded to the public transportation and rail programs. A total transportation partnership is possible.

Similarly, the States and Federal Government in partnership could, even easier than in developing the highway system, develop a national and State system of airports in support of the national transportation system.

Frankly, as public officials responsible for coordinating, planning, and development and maintaining a multimodal transportation system, the members of AASHTO would like to utilize the highway type of State and Federal partnership for aviation.

With such a partnership it would be

With such a partnership it would be far easier than at present to provide a prioritized, coordinated, and interfaced, cost efficient transportation system.

Can the States handle their share of an aviation partnership? Here are some illustrative details.

In North Carolina our DOT has an annual budget of approximately \$650 million. In our financial accounting system we readily comply with all FHWA reporting requirements.

With the provisions of S. 1648, North Carolina would receive \$1.75 million in 1981. Frankly, gentlemen, we know that our department's existing financial system can properly handle the accounting for the additional Federal funds.

There is a tremendous wealth of transportation expertise in the State agencies. In North Carolina, as an example, our aviation

division has only seven professionals, but backing them up are the entire Department of Transportation and its approximately 14,000 employees.

The aviation staff can use the design branch to produce engineering plans, the photogrammetry section for aerial photography, the maintenance crews for marking and clearing airports, and our specialized engineers for technical problems beyond the capability of the aviation division professionals.

For comparison purposes, the North Carolina Department of Transportation engineering force is larger than the entire FAA airports service staff.

If we assumed an increased share of responsibility for airport development, additional personnel in the aviation division might or might not be required.

If more personnel were required in the division, most likely the appropriate personnel would be transferred from within the DOT, rather than new positions being created. The entire range of support services in our DOT—personnel, purchasing, reproduction, accounting, and others—are available to our aviation division whether as at present or as an expanded function.

AASHTO considers that these illustrations of the ability of State transportation agencies to handle additional airport development activities will apply to most if not all State DOT's and other State transportation agencies.

We acknowledge that there may be situations in which a State will require additional organizational capacity of one kind of another if it is to assume a larger aviation role. Accordingly, AASHTO urges that State assumption of the administration of current Federal programs be voluntary.

The States can be considered a prejudiced party in a discussion of an expanded State role in the administration of ADAP. How do the local airports react? In North Carolina we know the answer.

Last year we asked our 61 potentially affected airports, the general aviation and nonhub air carrier airports, for their judgment concerning an expanded State role. We asked for anonymous responses.

From the 61 we received only one response in opposition to the expanded State role. I agree with the 60. As a former mayor of Raleigh, I know that while we enjoyed some good relationships with Federal agencies, it was always easier, more efficient, and more productive to deal with State agencies than with their Federal counterparts.

It has been suggested that an expanded State role in ADAP will require additional redtape. Redtape is far more a consequence of Federal legislative provisions and resulting implementing regulations than of State actions.

It has been suggested that an expanded State role in ADAP will require additional bureaucratic personnel. In most cases State personnel required already are present in DOT's or other State agencies. We also note that the number of FAA airports personnel is being steadily reduced.

It has been suggested that an expanded State role in ADAP will lead to additional taxes. While we consider that if the Federal

requirements can be kept at a minimum there should be no need for additional taxes, we point out a more basic factor.

Should there be a perceived need for additional taxes, the implementing decisions will be made by the State legislatures and the voters of the State. This decision location is far more grassroots and responsive to the people than is a Federal decision.

It has been suggested that an expanded State role in ADAP will be the camel's nose in the tent. Perhaps so, but a much smaller camel will be replacing an already large camel.

The bounds of an expanded State role will be determined by Federal laws and regulations, not by unilateral State action.

It is to be expected that the State interaction with airports covered by the program will increase as a result of the greater State responsibilities in the administration of grant funds and that Federal interactions will correspondingly decrease.

For the larger airports not covered by the program, States involvement would remain relatively unchanged.

Regardless of any expanded State role that might be enacted, the States will continue to have certain responsibilities concerning their own grant in aid programs, administration of State environmental procedures, multifaceted planning, transportation systems design and development, and other factors.

Further, since an airport is not a transportation facility unto itself, the State must be involved in developing and coordinating other transportation modes and facilities.

These factors affecting State involvement in airport matters exist and probably will increase in significance in the future.

The AASHTO aviation committee is composed of both AASHTO and NASAO personnel. It is truly a joint committee. The official policy of this committee, approved by the entire membership of AASHTO, is that the smaller air carrier served airports and general aviation airports identified in the national airport system plan should be administered by the States. At the NASAO annual meeting in San Diego in August the committee reaffirmed this policy.

In summary, it is AASHTO's position that the States are ready, the States are capable and the States are democratically responsive for an expanded role in ADAP.

What is needed now is leadership for change, not for change's sake, but to provide the air base for a sound transportation system.

A basic requirement is to stop thinking about an air transportation system, a highway transportation system, a public transportation system, a railway system, and to begin thinking about a coordinated, productive, planned, prioritized transportation system.

Such a system can provide the American citizen with a cost efficient means of mobility through an effective Federal and State partnership as exemplified by the partnership that has developed the Nation's highway system.

I am ready and would be most pleased to answer any questions at the appropriate time.

The CHAIRMAN. How were you able to identify so precisely that one man who disagreed with you?

Mr. BRADSHAW. The one that did disagree—well, it was a city of—well, it was where we had taken off the air carrier service.

The CHAIRMAN. I just wondered. You said it was an anonymous survey.

Expanding the State role in the administration of ADAP is going to be opposed by virtually every aviation group to appear before the committee. Why should we make the State increase their reputation and popularity among the user groups before we expand the opportunities for you to grow in authority.

Mr. Schneider, do you want to respond?

Mr. SCHNEIDER. In terms of the grass root support for it, I think we tried to take a look at it on a State-by-State basis. And when we looked at individual airport users, individual airport sponsors, through direct questionnaires such as North Carolina pursued, and ones that we tried in our States and other States, we believe that we have support in the grass roots.

We don't know why we're not identified at the national level. We find that the industries in our States are supporting us as well as the individual airports.

It is from the groups themselves nationally where we find the opposition.

The CHAIRMAN. Mr. Bradshaw did a good job in answering the arguments I've heard from other groups as to why there should not be an expanded State role in ADAP. I wonder why the States are so feared by user groups in Washington. If you're doing the kind of job you say you're doing in North Carolina, it would seem to me that we wouldn't have that kind of reaction.

Mr. BRADSHAW. Mr. Chairman, if I might answer that; I served as the mayor of Raleigh. We owned the airport together with our counterparts in Durham and the two counties.

I contend that the mayors and the county commissioners of this country that own airports are not in opposition to expanded State roles.

I don't see it documented by mayors, councils of mayors or cities, or those kinds of people. If you take into consideration a proposal to take out the top 100, I don't think you would find that the mayors or county commissioners or people who actually own the airports would oppose having an expanded State role.

The CHAIRMAN. Mr. Schneider, you questioned whether any airport could persuade its tenant airlines to fund ground access improvements beyond the airport.

Why would they not do this if their passengers are kept from arriving at the airports?

Mr. SCHNEIDER. In testimony this morning, it was stated that they're partners to the system, and their interest is to serve their users, both in terms of freight and passengers. I guess—and I believe to some extent—the airlines would be willing participants when it comes to negotiating new leases.

I guess it is the role—the level of authority—that they would play in an arm's length negotiation—realizing it should be equal on both sides.

We figure that when one really gets down to development, the airport has his 5-year improvement program in mind with upcoming projects; and the airlines have maybe a different point of project development, at least in terms of timing.

We feel the airlines would dictate that system's development and timing, more than at the present time. We feel that the Federal role is playing a kind of equalizing effect on that.

We'd like to see all of the airports developed on a system basis, and we feel that the airline part in that might throw the timing of the actual project off as they come on board and are developed.

The airlines involvement in negotiations might be detrimental to the airport system.

The CHAIRMAN. You described your reservation that those airports with longstanding contractual arrangements may have to turn their airports over to the airlines because of dependence on the airlines' unwillingness to renegotiate airport financing.

First, I remind you that airlines need airports for survival. ADAP only accounts for 10 percent of the total revenues generated by those airports.

Are you telling us that responsible, professional airport managers whose skills and expertise you yourself described as underutilized are not capable of effectively running their end of the airline/airport business relationship?

And if not, how are they getting the other 90 percent of their revenue?

Mr. SCHNEIDER. Well, Mr. Chairman, I'm not saying that. Our fear is of the increased role the airlines would have to play in the airport development program less than in terms of the airport managers themselves.

We agree with your statistics that 90 percent of the development funds now come through the landing fees and terminal grants. I guess that we feel that will continue. I think that was expressed this morning in terms of negotiation capabilities.

The CHAIRMAN. Mr. Cook, in your testimony, you stated that some States would receive less money than under existing law. Aren't you ignoring the fact that under S. 1581 and S. 1648 a participating State would apply for discretionary funds?

Mr. Cook. Yes, Mr. Chairman, I do recognize the existence of discretionary funding, and to me is one of the biggest problems of the present legislation, the existence of a large amount of discretionary funding.

The biggest problem I've had now for the last 20 years in New York in the development of an airport program every year is trying to outguess how much discretionary funding we have.

There is no way of developing a logical, consistent program that will go from one year to the next, unless you know how much money you will have. When I go to the State legislature and present the program from the commissioner to the State legislature, I have to outguess the Federal funding levels to get the maximum amount of money in.

What we're talking about is a constant level of moneys here which a State could be guaranteed.

It could develop a logical role in developing a logical construction program than can be done with discretionary money. With the assurance of a larger formula role, then you'd be able to do a much better job.

The CHAIRMAN. Mr. Mason, in Mr. Thomas' statement, I would just simply remind him that S. 1648 was provided to give maximum leverage of the FAA in dealing with private use airports.

Now, Mr. Thomas has suggested that we have a proposed special fund for the purpose of endangered airports. If we should follow that recommendation, any set amount will surely be too much or too little in any one individual year.

Why isn't the consolidated discretionary fund contained in S. 1648 to move the right amount of money wherever the needs are in a particular year, be it wherever it may be needed, acceptable.

Mr. MASON. Senator, if that could be coupled with some kind of national program, it probably would, but as Mr. Cook said, right now it's a catch-as-catch-can game on the discretions. We have the 90 airports that Mr. Thomas referred to which were identified in the report from the Secretary to the Congress that we know are in big trouble. As a matter of fact, he's got six airports in Michigan right now that would like to sell out to a public sponsor.

He's got two of them actually with real estate people right now; we're going to lose those airports unless there is a dedicated fund and some money can be immediately put into this.

Now, a dedicated fund to at least save those 90 identified airports, we believe, would be a little stronger than leaving them to the uncertainty of discretionary money.

The CHAIRMAN. I realize there is uncertainty in the discretionary fund area. It's a real problem for planning purposes.

Thank you very much, gentlemen. We appreciate your being here.

[The statement follows:]

STATEMENT OF THE NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS

Mr. Chairman; members of the Committee: I am Monte R. Schneider, Director of the South Dakota Division of Aeronautics, the President of the National Association of State Aviation Officials.

With me is Thomas W. Bradshaw, Jr., Secretary of the North Carolina Department of Transportation, representing the American Association of State Highway and Transportation Officials; Mr. Clarence Cook, Supervisor of the Airport Development Section, New York Department of Transportation, Mr. Cook is currently Treasurer of NASAO; Mr. Fritz E. Wolf, Director of the Wisconsin Bureau of Aeronautics and Chairman of our NASAO Airports Committee; Mr. Robert J. Thomas, Director of the Michigan Aeronautics Commission and Chairman-elect of the NASAO Airports Committee; and Mr. Joseph G. Mason, Executive Vice President of NASAO in charge of our Washington Office.

We wish to thank the Committee for this opportunity to testify on the legislation so important to the future of our airport and airways system. Our association, as you know, represents the aviation interests of 48 states and Puerto Rico. Our members are government agencies, supported by public tax dollars. As such, we have no hardware to sell, and no special-interest axe to grind other than the broad public interest in maintaining the world's best aviation transportation system.

In addition to the statements we will present today, we have submitted for the record, as an Appendix to this testimony, a platform and policy paper on our own proposal for an airport System Capital Improvement Program. This has been discussed with and provided to both the majority and minority counsels of this subcommittee. We will not, therefore, belabor it or spend a great deal of time testifying on the details today. We would, however, like to make just three observations about it:

First, the paper represents an aggregate of nearly 600 manhours of individual and committee time since last October. It is not, therefore, a hastily contrived document, nor is it a mere wish list. It represents the consolidated best thinking of professional state aviation directors nationally.

Second, the program outlined is supported by the National Governors Association—we have included their policy statement adopted this last summer as a second appendix to our filed statement.

Finally, we believe it is a workable program. The features in it are compatible with the concepts in S. 1648, and we commend it to you for consideration as a source document for possible refinements and improvements to S. 1648.

In our testimony today we will primarily address the Airport Improvement Program sections of S. 1648 and also the Administration Bill, S. 1581. This is the section that is of primary interest to the states, and where the states' basic expertise lays. We shall, however, comment in passing on some of the other sections of the two bills where they interact and affect the airport programs.

Before going into the details, however, we, of NASAO, wish to congratulate the authors and sponsors of S. 1648 for the bold and innovative thinking that is shown in the bill. It has been our position for some time that the expiring ADAP Bill was in need of major overhaul, or even complete replacement, if the nation's present airport problems are to be solved.

Present legislation does not provide sufficient flexibility in the use of federal funds. Categorical distinctions and appropriations, and project/sponsorship eligibility requirements frequently prevent the expenditure of federal funds in response to actual airport needs. This situation has resulted in a funding shortfall at commuter, reliever, and general aviation airports, and in a failure to take full advantage of those privately-owned airports which are filling a public aviation need.

At the same time, even the air carrier program by itself is not really equitable. There are some airports where the vast majority of needs—real needs—have already been filled who are now literally creating projects to use money, while other air carrier airports in the same region of state are going begging for discretionary dollars. Your Committee has received a letter filed for the record from the State of Florida and the city of Orlando relating directly to this situation among air carrier airports.

Present legislation does not recognize the essential responsibilities and decision-making rights of State and local public officials. It does not effectively utilize the unique capabilities and technical expertise of the States and airport operators with regard to airport planning, system development, and program administration. We are pleased that S. 1648 does recognize these abilities as they pertain to larger air carrier airports and to the many states also capable of administrative expertise.

And we certainly agree that many of the larger airports are completely capable of financing themselves and continued federal aid to some of them amounts to taxpayer subsidization of the airlines. We are not, however, certain that such a blanket rule as all airports enplaning more than .25% can be applied because of differences in local statutes, economic bases, and individual airport situations.

This could be handled by permitting voluntary withdrawal from the federal program for those airports who desire it—and we understand that the idea has great appeal to some of them.

Our major reservation on this proposal—and it is just a reservation, not an objection—is that the aim of all federal involvement in airport development should be the attainment of a *system* of airports. Our definition of a system is the literal one: a group of discrete components which interact to form a whole. We consider the larger airports as vital components of the national system of airports. They are, in addition, major state and regional transportation resources. To release them completely from the responsibilities of serving as system components may create a new generation of problems that we cannot even anticipate at this time.

One example of such a problem that could occur lies in the fact that 15 of the top 20 airports, representing 56 percent of total enplanements, are congested at the airport/urban interface. This congestion, which is the limiting constraint on the use of the available airport capacity, is often airport specific and occurs most frequently on highways immediately adjacent to the airport boundary. We must seriously question whether any airport could persuade its tenant airlines to fund any improvements for ground access beyond the airport fence.

We have addressed this in our ASCIP proposal with a specific suggestion as to how this could be handled by making such a project eligible as a federal funding item.

A further reservation is that those airports with long-standing contractual arrangements with airlines, and dependent on the airlines' willingness to renegotiate financing terms, may have to, in effect, turn their airports over to the airlines. It is axiomatic in any commercial enterprise that the party who controls the purse strings controls the action. A flow of federal funding coming into an airport pro-

vides some flexibility and freedom of action to the sponsor to undertake those projects that may not be enthusiastically supported by the airlines.

I repeat, however, that these are reservations on the subject of defederalization and not objections. With the proper safeguards in the language of the legislation, we believe they can be safely incorporated into the new law. Incidentally, we applaud your requirement that revenues generated by the airport will, in any event, be used on the airport. This is an important safeguard and, we believe, a necessary one.

We are also generally agreed that a tax cut is possible providing that it proves completely impossible to increase levels of spending. We would prefer to see more money in the system for reasons which Mr. Cook will cover in his statement. If, however, for reasons of economic restraint or national policy, this is not possible, then we believe that income into an already unconscionable surplus should be reduced.

Our major reservation in this area is that there be enough income in addition to the trust fund drawdown to meet the needs of the airports that must remain in the federal funding system because they do not have the income generating potential to be self-sufficient.

At this time I will ask Mr. Clarence Cook, Supervisor of the Airport Development Section of the New York Department of Transportation to address the question of funding levels as they are proposed in the two Bills under consideration.

STATEMENT OF CLARENCE M. COOK

Thank you Mr. Schneider. Mr. Chairman and members of the Committee: In looking at the funding levels proposed by the two bills under consideration, it is obvious that they are in relatively close agreement in all categories but one.

Senate Bill 1648 proposes a five-year total of \$2.65 Billion for Facilities and Engineering expenditures; S. 1581 calls for \$2.1 Billion.

For Research and Development, both bills call for a five-year total of \$500 Billion.

If allowance is made for the elimination of the airports enplaning more than 0.25 percent of the total passengers after fiscal year 1981, then the \$2.65 Billion in S. 1648 compares quite closely to the \$4 Billion in the Administration proposal.

The major area of difference is in the proposals for the FAA Operations and Maintenance Budget. The administration proposal is, in our opinion, unreasonable and unrealistic. They propose by 1983 to be spending twice as much on Operations and Maintenance as they propose to spend on airports. Although NASAO does support some increase in the O&M budget, on the basis that there is no point in installing new equipment and facilities if you cannot operate and maintain them, our ACIP proposal states as a basic principle that O&M expenditures should never exceed the basic airport aid grant totals in any one year.

Of the two bills under consideration, therefore, we must strongly endorse the provisions of S. 1648 for O&M over those of S. 1581.

Before going into the specific comments we have on the proposed funding levels and distribution formulas, we would like to briefly review a study conducted by NASAO earlier this year to determine current needs for discretionary funds—and only discretionary funds—at the state level.

In March we asked the state members of NASAO to supply a listing of all their projects on hand waiting for discretionary funding. Twenty-four states responded. Those 24 historically account for 50.7 percent of the total discretionary funds expended nationally. Their total needs, reported specifically and in detail, were for \$474,900,000. Projecting this, on the basis of historical distribution patterns, indicates a national need for \$949,800,000 in discretionary funds as of March, 1979. Less than 0.008 percent of this has been appropriated since then.

The analysis of how this money would be used revealed the following breakdown:

68.6 percent for projects on air carrier served airports, including commuter airports.

31.4 percent is for projects on general aviation airports, including reliever airports.

By categories of expenditures, 11.5 percent is for safety-related airport projects; 15.7 percent is for projects related to preservation of existing capacity in our present system; 50.4 percent is to fund needed capacity increases at existing airports; and the balance, 22.1 percent would fund airport system expansion. In this latter category, there is a total of \$76,007,000 to be used by eight states to add a total of 20 public airports to the system either by acquiring existing privately owned airports, or by building completely new airports.

We will, of course, be glad to supply a copy of the detailed report, with the state-by-state breakout of airport projects needing funding, for the record.

Our purpose in citing this is to point out that although we appreciate the need to control federal spending in view of the currently distressed economic picture, we do not believe either of the Bills under consideration provides enough funding to solve the national airport problem as it exists.

My own state of New York, for example, has the need for more than \$31.9 million in discretionary funding at this time. Neither bill would give us anything close to that.

In looking at the funding levels and distribution formulas proposed in the two bills under discussion, we of the states cannot forget those horrendous needs for additional funding that we now experience. So the fact that we are not requesting exponential increases in the proposed levels of dollars is not that we are satisfied with the proposals, but rather, that as responsible public administrators ourselves we recognize the need to defuel the inflationary engine wherever possible and we are willing to compromise our needs to the economic tradeoff of fiscal restraint.

In commenting specifically on the two bills, we will address our remarks primarily to the funding for those groups of airports singled out in the two Bills for possible administration by participating states. This is not to imply that state aviation administrators are not interested in the larger air carrier served airports. As Mr. Schneider pointed out, we look at our total air transportation system, and, indeed, historically spend between 55 and 60 percent of state dollars nationally in support of air carrier served airports.

However, representatives of the larger air carrier served airports evidently feel they can take care of their constituents with the Congress, so we will let them do so.

In passing, however, we would like it noted that the types of air carrier served airports being considered for state administration—those enplaning either 0.01 percent or 0.02 percent of the total enplanements—are really general aviation airports with air carrier service. They have little, if anything, in common with the major metropolitan airports that will be primarily affected by the defederalization proposal before you.

In order to see just what the differences would be in the way the two Bills would affect the funding proposal for state participation and administration, we constructed the table on page 7 of the testimony filed with the Committee. You may wish to refer to it as we present our analysis.

Table 1 shows that the total funds available for state participation/administration in 1981 would be 7.6 percent greater than the present year, 1979, under the provisions of S. 1648, and 6.9 percent greater under the provisions of S. 1581.

However, because of the tight restrictions posed by the small numbers of commercial air service airports under both bills, in many states there will actually be less money available for comparable groups of airports than there is under the present legislation and spending levels.

TABLE I.—Comparison of funds available for participating States under the provisions of S. 1648 and S. 1581

- Col. 1: Base year estimate for 1979: combines State Apportionment plus estimated Discretionary funds for both Commuter and General Aviation Airports. These categories were selected because under present FAA reporting practices they seem to provide the closest approximations to the airport grouping proposed for state participation under both S. 1648 and S. 1581.
- Col. 2: Estimated funds available to participating states in FY1981 under provisions of S. 1648: (a) State area/population apportionment; plus (b) Total of commercial service airports enplaning less than .01% of total enplanements @ \$150,000/airport.
- Col. 3: Estimated funds available to participating states in FY1981 under provisions of S. 1581 (Administration Bill): (a) State area/population apportionment (same as for S. 1648); plus (b) Commercial service airports enplaning less than .02% of total enplanements @ \$100,000/airport.

[In millions of dollars]

	Base (1979)	S. 1648 (1981)	S. 1581 (1981)
Alabama.....	0.99	1.45 (+)	1.55 (+)
Alaska.....	4.25	9.55 (+)	8.65 (+)
Arizona.....	1.21	1.62 (+)	1.67 (+)
Arkansas.....	0.86	1.18 (+)	1.18 (+)
California.....	6.06	5.69 (-)	6.04 (-)

	Base (1979)	S. 1648 (1981)	S. 1581 (1981)
Colorado.....	1.25	2.50 (+)	2.25 (+)
Connecticut.....	0.51	0.60 (+)	0.70 (+)
Delaware.....	1.85	0.12 (-)	0.12 (-)
District of Columbia.....	0.09	0.13 (+)	0.13 (+)
Florida.....	2.57	1.84 (-)	1.84 (-)
Georgia.....	1.72	1.88 (+)	1.73 (+)
Hawaii.....	0.13	0.50 (+)	0.40 (+)
Idaho.....	0.95	0.97 (+)	1.17 (+)
Illinois.....	2.26	3.51 (+)	4.21 (+)
Indiana.....	3.59	1.46 (-)	1.51 (-)
Iowa.....	1.81	1.53 (-)	1.58 (-)
Kansas.....	1.08	2.43 (+)	2.03 (+)
Kentucky.....	0.69	1.14 (+)	1.29 (+)
Louisiana.....	3.42	1.16 (-)	1.26 (-)
Maine.....	0.72	0.97 (+)	0.92 (+)
Maryland.....	1.09	0.08 (-)	0.08 (-)
Massachusetts.....	0.91	1.43 (+)	1.53 (+)
Michigan.....	2.16	3.79 (+)	3.89 (+)
Minnesota.....	1.83	2.76 (+)	2.36 (+)
Mississippi.....	1.28	1.34 (+)	1.39 (+)
Missouri.....	1.35	1.85 (+)	1.75 (+)
Montana.....	1.38	1.90 (+)	2.10 (+)
Nebraska.....	0.96	3.39 (+)	2.04 (+)
Nevada.....	1.05	1.50 (+)	1.04 (-)
New Hampshire.....	0.22	0.37 (+)	0.52 (+)
New Jersey.....	2.04	1.38 (-)	1.58 (-)
New Mexico.....	1.48	2.16 (+)	2.11 (+)
New York.....	3.58	4.00 (+)	4.15 (+)
North Carolina.....	1.49	1.75 (+)	1.95 (+)
North Dakota.....	0.77	1.27 (+)	1.12 (+)
Ohio.....	2.20	2.39 (+)	2.49 (+)
Oklahoma.....	1.33	1.32 (-)	1.27 (-)
Oregon.....	1.20	1.80 (+)	1.85 (+)
Pennsylvania.....	2.49	2.76 (+)	2.96 (+)
Rhode Island.....	0.63	0.18 (-)	0.18 (-)
South Carolina.....	0.79	0.78 (-)	0.88 (+)
South Dakota.....	0.72	1.67 (+)	1.59 (+)
Tennessee.....	0.85	1.29 (+)	1.34 (+)
Texas.....	6.56	4.73 (-)	5.13 (-)
Utah.....	0.69	1.19 (+)	1.14 (+)
Vermont.....	0.28	0.32 (+)	0.27 (-)
Virginia.....	3.79	1.72 (-)	1.67 (-)
Washington.....	5.26	1.30 (-)	1.30 (-)
West Virginia.....	1.18	1.01 (-)	1.06 (-)
Wisconsin.....	1.52	1.92 (+)	1.97 (+)
Wyoming.....	1.51	1.79 (+)	1.84 (+)
Total.....	88.6	95.37	94.78

For example, 12 states have no airports in the 0.01 percent or less enplanement category. As the table shows, 15 states will receive less than they presently do for airports in this size grouping. These include several states with major airport funding needs at this time, such as California, Florida, Louisiana, New Jersey, Texas, Virginia and Washington.

Looking at S. 1581, the Administration proposal, only five states do not have airports in the less than 0.02 percent category. However, 16 states would receive less than they now do for this category of airports. This includes all of the states losing under S. 1648, plus Nevada which would begin receiving about \$10,000 a year less under S. 1581 than they currently get. (We do realize, of course, that Nevada could not be a participating state because it lacks the necessary aviation agency. However, the principal is the same: some states will lose under either Bill.) Here are the specifics:

With the funding breakout in the state participation provisions of S. 1648, 17 states would receive more money than they would with S. 1581; 27 states would receive less; and 6 states would receive the same amounts under both bills.

As a contribution to your further deliberations, we would point out that one of the complexities to watch for lies in the differing break points—i.e., 0.01 percent vs. 0.02 percent—and the differing funding allocations. For example, a state with three commercial service airports qualifying under S. 1648 at \$150,000 each, would receive \$450,000. Under S. 1581, the same three airports at \$100,000 each would total only \$300,000. This kind of situations will be found in close analysis on a state-by-state basis in several states.

Needless to say, those of us representing states that would be eager to participate in an attempt to provide more efficient, less costly delivery of funding to meet the needs of our state's airports, will be most interested in the final funding levels and formulas you arrive at. It is safe to say that the funding distribution method finally arrived at will be a major determinant—if not *the* major determinant—in how many states will elect to attempt to qualify as participating states.

Our own recommendation, on behalf of the members of NASAO, would be that the minimums to be considered for size of air carrier airports should be the 0.02 percent enplanement figure, and the \$150,000 funding figure.

Although this will not meet our proven needs in the time span of the legislation, it will at least make a greater contribution.

And now I would like to introduce Mr. Fritz E. Wolf, Director of the Bureau of Aeronautics of the Wisconsin Department of Transportation, and Chairman of NASAO's Airports Committee.

STATEMENT OF FRITZ E. WOLF

I have been given the dubious honor of commenting on the provisions in S. 1648 for State participation in administration of segments of the airports aid program.

We have been warned by supposedly informed people that if we even mention the need for some administrative cost recovery opportunities for participating states, we risk losing any chance for a state role in administration. We have to believe, however, that we are dealing with reasonable persons in the Congress, and we must, as reasonable and responsible public administrators ourselves, point out some aspects that may not have been considered in drafting either S. 1581 or S. 1648.

Conceptually, we do agree that there should *not* be an incentive for a state to create a new bureaucracy, or to turn an existing administrative unit into an empire at the expense of the federal taxpayers.

The real incentives for a state to participate, as we of NASAO see them, should be the opportunity to make the spending on the airport development program more responsive to actual needs, and to be able to do a more efficient and more effective job of serving the needs of the airports in our states.

At the same time, it should be noted that at state levels of administration, we do not enjoy the economies of scale that much larger federal budgets permit. Our state operating budgets simply are not large enough for us to absorb or "lose" additional administrative costs to any large extent. It is true that after a certain point in spending levels is reached, adding more zeros to the dollar amounts does not add greatly to the costs of distributing the dollars. In the case of federal grants to airports, however, each additional project undertaken does entail additional compliance procedures and additional paperwork over the normal requirements followed by the states in their own programs.

In addition, S. 1648 would mandate several requirements that could increase administrative loads for any state desiring to participate in the program. These include the requirements for a consolidated improvement program, an annual expenditure program, enforcing compliance assurances, collecting and providing safety data, providing the Secretary with planning data, providing the Secretary with environmental information, and enforcing compliance with many Federally mandated programs including Davis-Bacon, Veterans Preference, Vietnam Veterans preference, equal opportunity employment, and the like.

In some cases, for some states, it should be noted that these will only require transferring presently gathered state information onto FAA forms. However, one goal most states have had for a number of years has been that of simplifying the procedures they use in assisting their airports with state money. So some of the mandated Federal requirements could actually be steps backward and increase the administrative burden beyond what the state is now geared to handle.

We believe an equitable solution to this is to carefully define those requirements that are project grant related to make some allowance for the costs of administering them as project related. The normal costs of managing and supervising the programs should not be charged to the Federal government—they are the price of admission to the states who wish to participate.

The point to be made is that practically all state administrative units already operate on tight, closely controlled budgets, and they can only be stretched so far by additional administrative responsibilities.

The success of the state participation program proposed in S. 1648 will obviously depend to a large degree on each individual states' ability to comply with the requirements and restrictions laid down in the final version of the Act. In order to get a fix on just what might be expected, we conducted a survey of those states attending our annual meeting last month. Thirty-five states completed questionnaires based on the State Participation requirements in Section 9(b)3A of S. 1648.

Of the 35, thirty-one, or 88.5 percent, stated that they could participate if matching state funds were required as a condition of participation; for states said they could not under present state laws.

The 31 states with matching funds available offer a total of over \$100,900,000 in state funds for airport development. The average state fund available for matching grants was over \$3,600,000, with a low in one state of \$100,000 a year, and the high at \$12,000,000 a year on a five-year basis.

In response to the question, "Do you now have the ability to administer a block grant program in accordance with the provisions of S. 1648 with your present staff and/or existing state support capabilities (DOT or other state agency)?" 27 of the 35 states said yes; 8 replied that they could not.

We also asked the states if they could participate without increasing administrative costs more than can be handled with their present tax/income bases. On this question, 19 of the 35—or 54.2 percent—replied that they could; 16 replied that they could not.

We also asked if, under existing state law, a state could now monitor and enforce compliance aspects of federal grant programs. Thirty-one of the 35 said they could monitor; several of these, however, said they would have to get an opinion from the State legal office as to whether or not they could enforce such compliance. One state director raised a point that should probably be considered in any final version of the act; he questioned whether any state, not a party to an original federal/sponsor grant agreement, and existing prior to any state involvement, can be injected into the contractual relationship as a newly designated enforcer. We do not have the answer to this, but feel it is a question that should be answered.

Sections VII and VIII of the requirements section call for the participating states to collect and provide any safety data regarding public-use airports within the State and provide such planning data as may be required, and to do the necessary work to assemble such information as a condition of continue state participation. In this case, the drafters obviously did not know, or chose to ignore, that this incorporates work presently done under the FAA's 5010 Data Collection Program. At the present time, the FAA contracts this work out to 31 states at an annual rate of \$675,000. Cancellation of the contractual arrangements in favor of unpaid participative requirements would result in a definite out-of-pocket loss to each state involved. This, we suggest, also needs further consideration.

We do want to commend the drafters of S. 1648 for the change in Section 12 to eliminate the option contained in S. 1581 for an airport covered in a State participation plan to opt out of the state program. We do envision the possibility of an air carrier airport with an expensive, high priority project eating up the lion's share of a state's apportionment one year, then dropping out of the state program and taking their funding contribution with them. This, of course, would negate the whole idea of allowing a state to pool and prioritize the funds for the greater good of the whole system of airports in the state. We therefore strongly support the elimination of this loophole as it has been handled in S. 1648.

At this time, Mr. Chairman, we would like to shift subjects again and focus on the complicated and, to some extent, controversial subject of aid to privately owned, but publicly utilized airports. Our member state of Michigan has looked into this problem in great detail, and at this time I would like to introduce Mr. Robert Thomas, Director of the Michigan Aeronautics Commission, to comment on it.

STATEMENT OF ROBERT J. THOMAS

The closure and potential closure of privately-owned/public-use airports has become a critical problem, not only in Michigan, but throughout the nation. Congress, in 1976, recognizing this problem, directed the Secretary of Transportation to prepare a report on potential closure of airports. This direction was given in Section 54 of the 1976 Amendments to the Airport and Airway Development Act of 1970. In that report, which was presented to Congress in January of 1978, 293 important privately-owned airports, nationwide, were surveyed; 40 percent (119) were judged to be in danger of closing within the next ten years. Michigan is extremely concerned

about the closing of important privately-owned/public-use airports and the severe detrimental effect it will have on the air transportation system.

Alternatives

The Michigan Aeronautics Commission, in efforts to assist in the retention of vital privately-owned/public-use airports, has considered various alternative actions. Two hearings were held on December 12 and 13, 1978, with private airport owners and local public officials to discuss these alternatives. The alternatives considered most vital are:

1. *Establish a state and/or federal grant-in-aid program for vital privately-owned/public-use airports.*—In establishing a grant program, the airport would be required to accept conditions similar to grants now offered local governments. At the hearing, there was some question as to whether the airport owner would accept the conditions in a grant. It also appeared the grant would be a short-range solution, with the potential for closing still existing. The airport owners were not convinced that this would be a long-range solution to the problem, but only a stop gap measure.

2. *Tax exempt legislation for privately-owned/public use airports.*—Michigan now has tax exempt state legislation for areas on private airports made available to the public, except for building and commercial areas. Local interpretation of the law varies greatly and a more definitive law is being recommended for legislative approval. However, with the shortage of tax dollars for local government, it is becoming increasingly difficult to pass tax exempt legislation. Even with good tax legislation, the operation, maintenance, and capital expansion of privately-owned/public-use airports, in most cases, would not make them a financially sound business.

3. *Low interest loans to privately-owned/public-use airports.*—Consideration is being given to the establishment of a low interest loan found similar to the loans Michigan now has available to publicly-owned airports. The maximum interest rate in these loans is 6 percent per annum. This alternative would help some privately-owned airports. However, it would still fall short of solving the long-range problems.

4. *Encourage and involve local government sponsorship of endangered private airports.*—The Michigan Aeronautics Commission has already enacted policies which permit the state to participate in land costs when local governments acquire privately owned airports. As an incentive to get local governments involved, it is recommended a special fund be established in the post-1980 Federal airport legislation which would provide funds to assist local governments in acquisitions of vital privately owned airports.

Recommendations

Michigan believes the only long-range solution to the problems of endangered private airports is public ownership. To accomplish this goal it will be necessary to establish a separate fund and the proposed Federal Airport and Airway Bill with special requirements for expenditures in acquiring endangered private airports which are contained in the NASP. The requirements for issuance of grants from the fund would have to act as an incentive to local governments to get involved in sponsorship of public airports. It is recommended the following general criteria be developed for this special fund:

1. *Federal participation rate.* The participation rate should be a rate which would make the acquisition within reach of smaller local governments. It is recommended a 90 percent Federal, 10 percent Local, one-time rate be established. In states such as Michigan, which participate in airport projects, the local percentage would be reduced to 5 percent. The local government will be making a financial commitment to run and operate the airport for a minimum of 20 years.

2. *Have a relaxation of initially meeting all of the federal airport geometrics advisories, standards for land requirements, and ownership of runway approaches.* Most privately owned airports do not meet all of FAA airport advisory circular guidelines. If FAA would require upon initial purchase that the airport meet all of these standards, the program would not be able to be accomplished in a timely manner, or be financially or environmentally practical. Most of these airports have completely safe operations with standards considerably less than FAA airport requirements.

3. *Federal assistance should be based on a limited scope feasibility study, including an environmental impact assessment report, and not an expensive, time-consuming, full-scope master plan site selection study.* Some of these full scope studies for general aviation airports cost over \$100,000 and take three or four years to complete.

4. Establish annual Federal funding of \$40.5 million for assisting local governments in the acquisition of endangered private airports contained in the NASP. The Secretary of Transportation's report to Congress indicates 119 privately owned airports in the NASP are in danger of closing in the next ten years. It is estimated that 75 percent of these airports (90) would be suitable for public acquisition. The estimated average cost per airport is \$2.5 million. \$2.5 million times the 90 airports equals \$225 million. 90 percent Federal share of the \$225 million is \$202.5 million and this could be spread over a five-year time frame for an average federal appropriation of \$40.5 million annually. The \$202.5 million federal dollars to retain 90 vital airports in the NASP is a reasonable cost to justify. If new airports had to be constructed, the cost would be considerably greater. In Michigan, there are 12 privately owned airports in the NASP or having the possibility to be in the NASP. All of these airports have the potential for closure within the next five years. Currently, six of these airports are anxious to sell to a public agency now. They are located at Frankenmuth, Holland, Fraser, Plymouth, Salem, and Utica. It is estimated that unless assistance is given in the retention of private airports, the state will lose these six vital airports from the transportation system within the next two to five years. Two of these airports, Mettetal at Plymouth, and Salem are currently on the real estate market and are up for sale now.

It is important that a special fund be established in the post-1980 airport act to solve this special problem in our aviation system, and these funds must be in addition to funds authorized in other portions of the act. To be effective, it must also have a special criteria for allocating (conditions for making grants) as outlined in this recommendation. Considering that the six airports currently would like to sell to public agencies in Michigan, this state alone, would have a need for \$15 million in the first year, if this special fund were established as recommended.

At this time I would like to introduce Mr. Thomas W. Bradshaw, Jr., Secretary of the North Carolina Department of Transportation.

APPENDIX 1.—PLATFORM AND PROPOSAL FOR POST-1980 AIRPORT-AID LEGISLATION PROPOSED BY THE NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS

DEVELOPMENT HISTORY

Initial Development: NASAO Board of Directors, December 15, 1979.

First Membership Review: NASAO Winter Membership Conference February 28, 1979.

Revisions and Formal Development: NASAO Airports Committee, April 12, 1979.

Preliminary Approval: NASAO Board of Directors, May 23, 1979.

Review and Comment: NASAO Airports Committee, June 15, 1979.

Membership Approval: NASAO Annual Meeting August 22, 1979.

NASAO PROPOSALS FOR A NEW FEDERAL AID TO AIRPORTS PROGRAM, POST-1980

Summary

This proposal presents suggestions by the National Association of State Aviation Officials for new approaches to airport aid legislation for the five-year period 1981-1985.

Included are a number of program principles that are unique compared to previous Federal aid programs:

Airport Funding needs would be addressed on a prioritized basis to ensure that vital safety, system preservation, and capacity needs are met ahead of other less vital needs.

Priorities would, for the most part, be set at the local level closest to the needs, based on Federal guidelines for consistent applications.

Uncommitted discretionary dollars are held to a minimum.

A special category of funding is proposed to relieve congestion at urban airports.

The proposed new funding formula calls for:

10 percent of available dollars to be used by the Secretary as a Discretionary Fund;

45 percent to be distributed to the 100 largest air carrier served airports on a modified enplanement formula;

45 percent to be apportioned to and administered by the States for the remaining 520 air carrier served airports and 2,300 general aviation airports listed in the National Airport System Plan (NASP).

The Commercial ticket tax could be reduced in two increments, while levies on general aviation would remain at current levels to better balance allocable costs against revenue sources.

The Airport/Airway Trust Fund surplus could also be reduced over the five-year period.

Increases in spending would be held to the currently "socially acceptable" level of seven percent per year for an inflation factor. NASAO does not propose spending more money in constant dollar terms. Rather, we propose spending it more effectively and efficiently.

These proposals, in net, add up to a program that is different enough from the present ADAP program that we feel it deserves a new title. We propose:

THE AIRPORT SYSTEM CAPITAL IMPROVEMENT PROGRAM OR "ASCIP"

Why a new airport aid program?

The National Association of State Aviation Officials does not believe that the expiring ADAP program can be redesigned to solve the nation's needs for airport resources.

Although the Airport and Airway Development Act of 1970, as amended in 1976, has been instrumental in making some progress toward the development of an adequate nationwide system of airports and airways, the potential effectiveness of the Act has been limited by several factors.

The first Federal Airport Aid Program in the mid-forties envisioned development of 6,000 public use airports in five years at a cost of about one billion dollars in federal funds. After more than 30 years, and the outlay of \$16.3 billion,¹ only about half of the intended airports have received any federal aid at all, and 85-90 percent of this has gone to the approximately 500 airports with air carrier service.

The Airport and Airway Development Act of 1970 was amended in 1971, 1973, and again in 1976 in attempts to satisfy its shortcomings. It is now a patchwork of amendments, dead language, and unnecessary burdens on the sponsors of airport development projects. Further, several areas of importance have, through neglect, ripened to near crisis proportions.

Administration of the current ADAP program is rapidly becoming mired within the Federal Aviation Administration because of manpower/resources shortages.

The backlog of ADAP applications in Washington has been growing steadily: from \$930 million in April 1978, to over \$1,007.1 million as of January 31, 1979—the first time the backlog went over a billion dollars.

Operational problems

Present legislation does not provide sufficient flexibility in the use of federal funds. Categorical distinctions and appropriations, and project/sponsorship eligibility requirements frequently prevent the expenditure of federal funds in response to actual airport needs. This situation has resulted in a funding shortfall at commuter, reliever, and general aviation airports, and in a failure to take full advantage of those privately-owned airports which are filling a public aviation need.

Present legislation does not recognize the essential responsibilities and decision-making rights of the States and local elected officials. It does not effectively utilize the unique capabilities and technical expertise of the States and airport operators with regard to airport planning and development activities and program administration.

The FAA does not give adequate attention to the funding, conduct, and integration of airport master plans, noise studies, regional and statewide airport system plans, and the National Airport System Plan.

The relationship between planning and facility development is tenuous; often master plan proposals are ignored while funding is provided for projects which are not consistent with master plan recommendations.

The scope of planning activities is so restricted that adequate attention cannot be given to the full spectrum of airport-community economic relationships and environmental compatibility. Necessary coordination with related, federally supported, surface transportation and other planning and development programs is severely hampered.

The stability and effectiveness of planning and development programs are hampered by a lack of knowledge of future funding levels. This situation is partly attributable to annual (rather than multi-year) program appropriations, and partly to the substantial proportion of federal funds distributed on a discretionary grant basis. It is compounded by the fact that appropriated funds are often significantly less than the amounts authorized by Congress.

¹ National Transportation Policy Study Commission, Special Report No. 1, executive summary, page 21.

The procedural requirements associated with obtaining both PGP and ADAP grants on an individual project basis result in excessive wastes of both time and funds (federal, state, and airport operator), further restricting program effectiveness.

In order to correct these deficiencies, among others, and to bring about programs which are more responsive to the needs of airports and their users, NASAO offers the following as suggestions of opportunities which can be capitalized into a new program of federal aid to airports.

Opportunities

1. Federal attention can be directed toward achieving goals and objectives which are clearly in the national interest and based upon a comprehensive national transportation policy.

2. Federal programs can be oriented primarily toward the promotion, development and maintenance of a safe and coordinated national system of airports and airways, designed to meet the needs of both general aviation and scheduled air services. The purpose of the Airport/Airway Trust Fund should be clearly and formally stated as being to provide a national system of airports and airways which meets the needs of all users, consistent with the public interest.

3. Coordination can be designed into all airport program areas: capitalization, operating, planning and administration. Specific attention should be given to the coordination of all aspects of airport development with federal responsibilities for air service, and with federal programs for other transportation needs.

4. Federal attention should be directed to the guidance, approval and implementation of annual improvement programs at the federal, state and metropolitan region levels. Direct federal *administrative* involvement in specific facilities should be limited to those airports which are considered to be of national significance, i.e., those which primarily serve interstate and international air commerce.

5. Federal program guidelines and categories should be simplified, eligibility restrictions eased, and funding allocations made on a more assured and needs-related basis. Responsible officials of and within the States should have the flexibility and confidence to address their own needs and priorities within federal guidelines. Particular short term or unique occurrence national system needs should be addressed outside of a basic assured program through special, temporary programs or special Congressional appropriations. Overall program funding levels should balance airport safety and service needs, including economic development objectives, with a recognition of the impact—and the need to control—national inflation.

Airport categories

The present system of classifying airports by "Hub" size (Large, Medium, Small, Non-Hub) is non-functional. The operational units of the airport system are *individual* airports, rather than regional groupings, and any problems or needs they have must be treated as individual operating needs.

The National Airport System Plan should be composed of approved State and Regional airport system plans, developed within broad national guidelines and policies, and continuously updated to reflect changing conditions and user needs.

Present airport categories used for airport funding (air carrier, commuter, general aviation, reliever) should be dropped as categories. (In this ASCIP proposal, they are used only as functional descriptions of type of traffic of primary concern.)

NASAO recommends a new system of airport classification to achieve a greater administrative flexibility and more realistic assessments and treatments of needs. For funding purposes, the National Airport System should be divided into two basic, equally important, categories:

National System Airports

The top 100 air carrier served airports in terms of passenger enplanements. Essentially, these are the airports now enplaning more than 300,000 passengers annually. Collectively, these 100 airports enplane 91.9 percent of all domestic airline passengers. Airports in this category generally have the primary function of serving interstate and international air commerce, and, therefore, are of national interest.

Regional System Airports

All remaining airports included in Regional, State and National Airport System Plans. By count, this category includes 520 air carrier (including commuter) airports currently enplaning 8.1 percent of the domestic passengers, and an estimated 3,302 general aviation airports: 2,302 publicly owned general aviation airports identified

in the NASP, and an estimated 1,000 additional airports in various State and Regional Airport System Plans.

Although these airports do provide landing facilities for interstate service, their main functions are to serve intrastate needs and act as feeders/distributors for the National System. These airports, therefore, serve primarily State and regional interests.

Airport system capital improvement program

Time frame: ASCIP legislation should cover the 1980 decade, with annual funding authorizations and appropriations set for a five-year period. The authorization/appropriation process for ASCIP expenditures from the Airport/Airway Trust Fund should parallel the process established for the Highway Trust Fund so that a separate Congressional appropriation would not be required each year. Funds unused by any individual airport sponsor in a given year should be able to be carried over and available for obligation for three years following the year of authorization.

Funding source and magnitude: The Airport/Airway Trust Fund should be continued through user taxes at approximately the present mix and level with the following caveats:

Annual expenditures from the Trust Fund should match anticipated revenues. If, for reasons of national policy, expenditures cannot be made to the level of income, then any actual, or potential, long term surplus should be eliminated through a corresponding reduction in user taxes.

The size of the ASCIP should at least reflect the effects of inflation over the five years of authorization. (Note, however, that because of the present national economic situation, NASAO is recommending annual increases that represent only one-half of the current rate of inflation in the construction industries.)

Distribution of funds

NASAO recommends that the overall goal of federal aid to airports should be to develop a national system of airports. Therefore, we recommend that distribution formulas be changed in view of system needs:

Both the present enplanement formula and the discretionary fund as now constituted, should be replaced in view of the critical needs to prioritize and plan expenditures if we are to achieve true solutions to existing system problems.

Basic grant program

This program should address the major continuing needs of the National Airport System, both its National and Regional Systems elements—primarily on a formula allocation basis. Total annual authorizations for those two system elements should be equal, after ten percent of these funds are set aside for the Secretary to use at his discretion for projects of national significance. Annual ASCIP authorizations for this program for the next five years should be set at the following levels:

Fiscal year:

1981	\$700,000,000
1982	750,000,000
1983	800,000,000
1984	850,000,000
1985	900,000,000

National system funding

The 100 air carrier airports in the *National System* should receive 45 percent of the total annual ASCIP authorization.

Twenty-five percent of these funds should be apportioned equally to the 100 National System airports. The remaining seventy-five percent should be apportioned directly to individual airport sponsors on the basis of each airport's percentage of total passengers enplaned at all National System airports. No airport should be apportioned more than five percent of the annual amount authorized for the National System.

Airport sponsors should be required to prepare—and update annually—a 5-year development program and an annual improvement program for the use of apportioned funds; such programs-of-projects should be based upon airport master plans, consistent with regional and State airport system plans, and approved by the Secretary.

Airport sponsors should have the flexibility to expend their ASCIP allocations without the need for individual project applications, provided that projects are consistent with the approved five-year and annual programs. Flexibility should be provided for "off-site" use of ASCIP funds, e.g., off-airport highway or transit access.

Up to five percent of each airport's ASCIP allocation should be available for airport planning and for shared participation in regional system planning addressing in part the needs and roles of the National System airports. Such funds could be used for facility development only if the airport master plan, and development and annual improvement programs, are current and approved.

Airport sponsors should be required to submit, as part of their annual program update, a statement of program effectiveness and impact to the FAA; FAA should be required to submit a similar statement to Congress.

Regional system funding

The *Regional System* should also receive 45 percent of the total annual ASCIP authorization. These funds should be apportioned to, and administered by, the States, one-half on the basis of each State's proportion of total U.S. land area and one-half on the basis of each State's proportion of total U.S. population. No State should receive less than 0.5 percent or more than 5.0 percent of the annual amount authorized.

Grants should be provided without internal airport or project type categories, but with flexible "national purpose" guidelines linked to FAA capacity and safety standards, consistent with national safety and service objectives.

States should establish, and the Secretary approve, fair and equitable guidelines for the allocation of these funds to individual *Regional System* airports over the five-year period. Within these guidelines States should have complete freedom and flexibility in the administration of grants, subject to consistency with State and regional system plans and airport master plans and FAA review of the State's planning and administrative processes and its annual program of projects.

States should be required to develop—and update annually—a five-year and an annual program, for the approval of the Secretary, and to submit with this annual program a statement of program effectiveness and impact to the FAA; the FAA should be required to submit a similar statement to Congress.

Up to five percent of each State's allocated funds should be available, annually, for continuing statewide and regional system planning, and airport master planning. Flexibility should be provided for "off-site" use of funds for airport-related facilities on an individual airport basis.

Discretionary funds and special programs and projects

A maximum of 10 percent of the Basic ASCIP authorization should be retained at the Federal level for supplementing the National and *Regional System* funds in unusual circumstances, and for projects of national significance. Major special projects that cannot be accommodated by such annual amounts, such as the construction of new large air carrier airports and special demonstration projects consistent with the National Airport System Plan, should be funded by direct Congressional appropriations.

Federal share

NASAO recommends the present (since October 1, 1978) ratio of 80 percent Federal, 20 percent local share for all projects in the basic grant program, with the proviso that the law read that the Federal share is *not to exceed 80 percent*. This will, in some cases, permit *partial* Federal funding where a local sponsor is able to participate to a greater extent than 20 percent, but is not able to fund the full cost of the project. This practice can allow available Federal funds to be spread over more projects than would be possible on a strict 80/20 basis.

Ground access requirements for national system airports

Since 1970, the vast construction program funded by ADAP has, to a large extent, successfully provided the required airside airport capacity at the 100 busiest airports in the National System.

However, almost without exception, the air traveler must depend upon another mode of transportation at each end of his air trip to get to and from his ultimate destination. In many urban areas the air traveler is finding it increasingly difficult to get to and from the airport by automobile or public transportation over the highway network. In many cases the limited land-side capacity constricts an airport's ability to use its available airside capacity built with federal aid funds.

Currently, 15 of the top 20 airports, representing 56 percent of total enplanements at all airports, are congested at the airport/urban interface. This congestion, which is the limiting constraint on the use of the available airport capacity, is often airport specific and occurs most frequently on highways immediately adjacent to the airport boundary. This problem will increase as the proliferation of wide-bodied jets

vastly increases airside capacity without corresponding improvements to airport access.

NASAO proposes opening ASCIP eligibility to include the improvement of ground access to airports where the useful airside capacity of the airport is significantly reduced by constraints on the ground access system. Such improvements, either on or off airport property, might include connections to existing regional public transportation systems; increases in highway capacity needed to accommodate air traveler; and construction or improvements of interchanges and ramps providing direct access from the highway system to the airport roadways.

NASAO suggests that an airport seeking to qualify a ground access project for eligibility be required to show, by traffic count, that at least 25 percent of the concerned traffic is airport related, and that funding then be allowed in the same ratio as the airport traffic is to the total traffic—i.e., if 40 percent of the traffic in a given area is airport related, an access improvement project would be eligible for 40 percent federal funding.

Planning grant program (PGP) and ASCIP administrative costs (national and regional systems)

The PGP should be eliminated as a separate federal programs. Planning funds should be provided up to five percent of each State's allocation for the Regional System and each airport operator's allocation for the National System.

Airport master plans, regional airport system plans and continuous planning activities for the Regional System airports should be administered by the States.

Airport master plans for National System airports should be administered by FAA.

Evidence of coordination with States, and intergration with other Federal, State and local planning and development activities, should be required before FAA approval of the use of ASCIP funds for master plans and regional system plans.

Airport planning and development should be functionally integrated; funds should not be provided for airport improvements at any airports which do not have an approved airport layout plan. Further, airport master plans should not be funded at any airports which are not included in a current regional or statewide airport system plan—unless development or master planning is specifically approved by the Governor, and the Secretary of Transportation. NASP/SASP airport master plan consistency should be ensured through Federal, State and local coordination and approval requirements.

NASAO recommends that, because planning is vital to both the future of the system and the wide and effective use of any dollars committed to it, that planning be given "protection from the political pressures for concrete." Reference is made to existing legislation in United State Code 23, Highways, Section 307, which specifies a fixed percentage of each year's funds to be used for "Research, Planning, and Administration".

Project/sponsor eligibility

Project and planning eligibility criteria should be broadened to ensure that funding programs will be responsive to airport and user needs, and to promote the coordination of the ASCIP program with related federal transportation, economic development and environmental programs.

Airports in the Regional System should be eligible for federal funds based upon public sponsorship rather than ownership, thereby providing funds for essential privately-owned, public-use airports at the discretion of local governments, with State concurrence.

Project eligibility criteria should be broadened to potentially include such items as access roads/transit-ways beyond airport boundaries; maintainance and operation of safety equipment; land-banking; noise monitoring equipment and soundproofing of public buildings such as schools and hospitals.

Federal guidelines covering the scope-of-work for planning studies should be broadened so that significant aviation-related issues may be fully examined in a system and master planning context.

System administration

Most of the major air carrier served airports in the designated National System are staffed with experienced professionals capable of efficiently dealing with the FAA on airport grant applications, and administering the projects once grant funds are received.

NASAO recommends that these 100 busiest air carrier served airports continue to deal directly with the FAA on all aspects of federal funding, unless sponsors of such

airports voluntarily opt to have their eligible funds administered by their state aeronautics agency.

Each National System airport would be required to submit a 5-year Work Program (with annual updates) to the FAA for approval. Once FAA approves the plan, a one-year letter of credit would be issued.

Many presently defined Medium and Small Hub airports are really general aviation airports with air carrier services. The presently defined "Commuter" airports are general aviation airports with commuter airline service. Very few of these have the in-house capabilities to effectively participate in federal aid programs.

Further, the 100 busiest air carrier airports constitute the key units in the national system, enplaning, as they do, more than nine out of ten domestic airline passengers. The smaller air carrier and general aviation airports are based more on local and regional air transportation needs. Such smaller airports should not be national problems. They can be served better at the local level through state government.

All airports in the Regional System should be administered by qualifying states on the basis of block grants of available funds distributed on the area/population formula. Each state will also be required to submit a 5-year work program which, when approved, will be funded through annual letters of credit.

NASAO recommends that all airports in the Regional System be administered by the states on the basis of: a. An approved State Aviation Department; b. An approved State Airport System Plan; c. An approved State Prioritized Development Plan. Both b. and c. must be updated continuously for grant eligibility.

State capabilities requirements

Some minimum performance/capability standards should be established before any state is allowed to take over administration of federal airport aid programs. These standards should be on the basis of *functional* capabilities rather than size of staff, to allow utilization of other technical and legal personnel in related state agencies (such as a DOT), or allow the state to contract or retain certain specialized services which would not be cost-effective on a full-time basis.

The following criteria were among those used by the FAA in selecting states for the 1977-1978 Four-State Demonstration Program:

- A. State participation must meet legislative requirements:
 1. State is capable:
 - a. Staff of professional airports personnel is currently employed.
 - b. Audit and compliance capability.
 - c. Legislature has authorized airport development funds.
 - d. State administrative funds available.
 2. There must be a record of state participation in airport development.
 3. There must be a State Airport System Plan.

For any state not qualifying under the criteria for administering federal funds, the state's airports would continue to deal directly with the FAA for funding. Such funding should be on the same basis as for National and Regional airports (i.e., 5-year work program approved and reviewed annually).

Additional trust fund programs

In addition to the basic grant program outlined, NASAO recommends the following to be administered by the FAA:

Facilities and Equipment (F&E): For each of the five years, authorize \$450 million for facilities and equipment capital investments beginning fiscal year 1981.

Operations and Maintenance (O&M): Present limitations on this budget have been cited by the FAA as a reason why they have not been spending appropriated F&E funds. On the grounds that there is no advantage to having F&E funded installations that cannot be maintained or staffed, NASAO recommends a greater set-aside for FAA operations and maintenance costs to enable an accelerated program of F&E equipment installations. Our suggested program calls for an average of \$800 million a year for the five years. *However, at no time should O&M funding from the Trust Fund exceed the funding of the basic ASCIP programs in any one year.*

Research and Development (R&D): NASAO recommends that the FAA be authorized \$100 million a year beginning fiscal year 1981 for research, engineering, and development purposes for a five-year total of \$500 million.

Urban congestion relief

A new, special category of funding is proposed "to relieve congestion at urban airports".

NASAO recommends that this be administered by the FAA, and be funded to a total of \$500 million over the five-year period.

The following types of projects are suggested for eligibility:

a. *Purchase of private airports for public ownership.*—NASAO recommends that some provision be made to provide federal assistance to preserve the facilities now operating as privately owned public use airports where such airports have already been identified as being in the national interest by inclusion in the NASP. It is recommended that the preferred provision would be for funding to purchase such airports to bring them into public ownership. NASAO specifically suggests consideration of a proposal by the State of Michigan which calls for a federal share of \$162 million over a five-year period for acquisition of endangered private airports (Appendix 2).

b. *Development of reliever airports.*—A designated, separate appropriation from the Airport/Airway Trust Fund should be established for expenditure at reliever airports over the next five years. These funds should be separate from the ASCIP and should be earmarked for exclusive use at reliever airports included in the NASP. These funds should be distributed to the sponsors of reliever airports on a discretionary basis by the FAA Administrator, subject to concurrence of the State.

In addition, any air carrier airport sponsor that also owns reliever airports, or airports able to upgrade to reliever status, should be allowed to use any portion of its federal funds for such relievers.

c. *Grants-in-aid to private airports if under a long-term lease to a public sponsor.*—This, in many cases, can be economically attractive as an alternative to outright purchase of an airport by a public sponsor. The public sponsor should be prepared to demonstrate that suitable safeguards of the public interest have been built into the lease agreement.

d. *Training airports.*—Where congestion is, or could be, a problem at the primary community airport, funding should be provided for the establishment or upgrading of general aviation airports to be designated as training airports.

e. *"Pure cargo airports."*—Where an airport devoted exclusively to air cargo service can be shown to provide significant reliever benefits to the primary community airport, its construction and development should be eligible for federal funding. Any necessary economic or operational feasibility studies for such an airport proposal should be eligible for planning funds.

Basic ASCIP priorities system

NASAO recommends that all Federal spending for airport development be on a system basis, following the priorities of *Safety* items first, and *Preservation of the Existing System* second.

Within these broad categories, the following guidelines should be observed: As the most pressing national need is for airports in metropolitan areas, new airports and airport improvements for these areas should take priority over facilities in non-metro areas, and over improvements, other than facility preservation, on existing airports. Priority assignments should be at the State level for all but the 100 busiest air carrier served airports and those airport projects previously designated as Urban Congestion Relief.

The NASAO Example Priorities (next page) have been developed using FAA Paper N-5090.15, Appendix I, "Relating Airport System Needs to Program Objectives."

As several states are experienced in applying a prioritizing methodology to distribution of their own funds and federal apportionment funds, it is recommended that the Congress direct the FAA to create the guidelines for a prioritized spending program *in consultation with the States*.

On the basis of such federal guidelines, each state (and also each sponsor of an airport in the National System) would be free to establish its own priority system for subsequent approval by the FAA.

Once approved, the state's priority system would be the governing document on which to base its five-year program and annual work plan. FAA's subsequent management function would be only to verify consistency of the work program with the state's priority plan.

NASAO Example Priorities

The following are examples of major groups of projects that could be incorporated into state priority plans on the basis of FAA Guidelines. These same guidelines would also be used by the individual airports in the National System to develop their own 5-year plans and one-year work programs.

Class A: Safety. Development required to implement safety and security programs on airports.

Automated weather observing and reporting equipment.

Basic lighting: runway, beacon, taxiway, ramp, other lighting where appropriate.

- Fire/rescue vehicles; buildings.
- Snow removal equipment.
- Security fencing; equipment.
- Approach lighting and navigational aids.
- Runway grooving.
- Airport hazard removal/lighting per FAR 77.
- Safety and extended runway safety areas.
- Touchdown and centerline lighting.

Class B: Preservation of Existing Capacity. Development/Reconstruction required to maintain the functional integrity of the landing area.

- Rebuild/reconstruct/rehabilitate/overlay runway.
- Strengthen/widen runway to match existing traffic.
- Apron/taxiway development associated with above.
- Replace/rehabilitate/add associated lighting.
- Noise abatement plan.

Class C: Upgrade to Standards. Bringing existing airports up to recommended standards based on the current use of the airport. Projects must be in zero-to-five years time period.

- Lighting existing runways.
- Lengthening, widening, and strengthening runways and taxiways.
- Land for clear zone and noise control.
- Runway reorientation and threshold displacements.
- Crosswind runway with associated lighting.
- Noise abatement runway with associated lighting.
- New taxiways and associated lighting to alleviate current problems.
- Acquire private airport.
- Paving of existing turf strip; associated lighting.

Class D: Upgrade to New Requirements. Provides for accommodating larger (more critical) aircraft types or longer nonstop routes.

- New runway when economically preferable to reconstruction or lengthening.
- Runway extensions; associated lighting.
- Strengthening pavements.
- New taxiway associated with upgraded runway.

Class E: Capacity Increases, Existing System. To accommodate projected increase in passenger and aircraft activity.

- New runways; associated lighting.
- Terminal expansions.
- Access roads.
- Land for airport expansion.
- Construction of first runway, paved or unpaved.
- Short parallel runway on a congested airport.
- Basic taxiway and ramp construction and marking.
- Additional runway, taxiway, and associated lighting.
- Expansion of ramp, or construction of new ramp.
- Additional instrument approach/landing capability.
- Instrument approach equipment and lighting for better than Category I.

Class F: System Expansion—New Airports. a. *Community:* A new airport which will be the only NASP airport serving the community.

- General Aviation.
- Commuter Services.
- Air Carrier airport for newly-certificated point.

b. *Capacity:* All new reliever airports and new air carrier airports constructed to increase metropolitan area system capacity.

- Reliever Airport.
- Supplemental Airport.
- Replacement Air Carrier Airport.

Additional NASAO Recommendations

a. A National Aviation Commission should be created to review the operations and policies of the Federal Aviation Administration, including airport and airways system development, and make long-range (post 1985) recommendations.

b. Any airport served for two years by scheduled service shall be eligible for precision landing equipment without further justification of needs.

c. Any efforts to provide zoning protection for an airport should be eligible for federal aid.

d. A single noise-measurement system should be developed and universally applied to all airports.

e. All programming—both air carrier and general aviation—should be on a 3-year basis.

f. NASAO recommends a basic 80 percent federal and 20 percent local share for funding, except for funds intended to purchase a privately owned airport listed in the NASP. For this purpose, NASAO recommends 90 percent federal and 10 percent local funding.

h. Trust Fund Drawdown: If the Trust Fund surplus is not to be used for aviation needs, NASAO will support a reduction in taxes to more closely balance income with outgo.

i. *Delegated "Strings"*: NASAO recommends that every effort be made to substitute state standards for federal standards in any state-administered programs. This is consistent with existing legislation for Highways and UMTA.

ASCIP BASIC PROGRAM FUNDING AND DISTRIBUTION

It is proposed to increase the overall size of this principal ASCIP element only to reflect anticipated inflation over the five years of proposed authorizations.

To provide adequate funds to finance unusual projects of national significance, 10 percent of the total program is allocated to the Secretary to be used at his discretion.

To meet anticipated relative needs for improvement of the 100 major air carrier airports, and the remainder of smaller air carrier and general aviation airports, the remainder of the program is divided evenly for formula apportionment between the two categories.

Planning would be accomplished within the amount apportioned to airports and states and a separate funding category is not provided. Following is the recommended size for this basic program:

AMOUNT AUTHORIZED

[In millions of dollars]

	1981	1982	1983	1984	1985
Discretionary program	70.0	75.0	80.0	85.0	90.0
100 largest A.C. airports	315.0	337.5	360.0	382.5	405.0
G.A. and smaller A.C. airports	315.0	337.5	360.0	382.5	405.0
Total	700.0	750.0	800.0	850.0	900.0

Amounts authorized for the 100 largest air carrier airports would be apportioned directly to the sponsors of the air carrier airports with up to 5 percent of the annual apportionment available for planning purposes.

Twenty-five percent of the amount authorized would be apportioned equally to the 100 airports.

Seventy-five percent would be apportioned on the basis of each airport's relative share of the total annual enplanements at the 100 largest air carrier airports. No airport shall be apportioned more than 5 percent of the annual amount authorized for large air carrier airports.

Amounts authorized for general aviation and smaller air carrier airports will be apportioned to each state, with no state to receive less than 0.5 percent or more than 5.0 percent of the annual amount authorized. Fifty percent of the amount authorized will be apportioned on the basis of each state's relative share of the national population; and fifty percent on the basis of each state's relative share of the national land area.

Appendix 1 shows the fiscal year 1981 apportionment to each of the 100 largest air carrier airports and to the states based upon a distribution of \$315 million for the largest air carriers and \$315 million for the general aviation and smaller air carrier airports, in accordance with the above described procedures. For comparison purposes the amounts actually apportioned in fiscal year 1979 are also tabulated.

CASH FLOW-TRUST FUND ANALYSIS

This section analyzes options in funding, with a tax cut possibility.

Table 1: Summarizes the expenditures proposed by NASAO for the basic airport grant program and the four supplementary programs to be administered by the FAA.

Table 2: FAA forecasts of Trust Fund income over the period 1981-1985 providing all present tax levels remain the same.

Table 3: Combines the FAA income forecast with the NASAO expenditures forecast in a cash flow/drawdown format.

Note that with no reduction in taxes, and with expenditures held to only the inflationary increase over present levels, the projection shows an increase in the Trust Fund surplus of 55.7 percent—from the estimated \$3.2 billion at the start of fiscal year 1981 to \$4.9 billion at the end of fiscal year 1985.

Table 4: Utilizes the same rate of spending, but cuts the ticket tax to 6 percent (from the present 8 percent) in 1981, and cuts it again to 4 percent in 1983. All other income—primarily from general aviation—remains the same. This results in a 5-year drawdown of the surplus of 98.3 percent, from \$3.2 billion to \$0.5 billion.

TABLE 1.—SUMMARY BUDGET

[In millions of dollars]

	1981	1982	1983	1984	1985	5-year total
Discretionary program	70	75.0	80	85.0	90	400
100 national system airports	315	337.5	360	382.5	405	1,800
Regional system airports	315	337.5	360	382.5	405	1,800
Subtotal: Basic program	700	750.0	800	850.0	900	4,000
FAA supplemental programs:						
F. & E.	450	450.0	450	450.0	450	2,250
O. & M.	700	750.0	800	850.0	900	4,000
R. & D.	100	100.0	100	100.0	100	500
Urban reliever	100	100.0	100	100.0	100	500
Subtotal: Supplementary	1,350	1,400.0	1,450	1,500.0	1,550	7,250
Total, all programs	2,050	2,150.0	2,250	2,350.0	2,450	11,250

TABLE 2.—TRUST FUND INCOME FORECASTS

[Millions of dollars; current dollars; existing user charges]

	1981	1982	1983	1984	1985
Air carrier:					
Ticket tax (8 percent)	1,568.1	1,728.6	1,889.1	2,049.6	2,210.1
International departure tax	75.9	78.4	80.8	83.2	85.7
Waybill tax	93.9	106.1	118.3	130.3	142.7
Aircraft registration fee	0.1	0.1	0.1	0.1	0.1
Aircraft weight fee	18.6	19.6	20.6	21.6	22.6
Tire and tube tax	0.9	0.9	0.9	0.9	0.9
General aviation:					
Air taxi (8 percent)	23.9	26.9	29.9	32.8	35.8
Aircraft registration fee	5.4	5.7	6.0	6.2	6.5
Aircraft weight	9.6	10.5	11.3	12.2	13.0
Fuel tax	81.8	87.6	93.4	99.2	105.0
Tire and tube tax	0.1	0.1	0.1	0.1	0.1
Total annual income	1,878.3	2,064.5	2,205.5	2,436.4	2,622.5
Grand total 5-year income					11,207.2

Source: DOT/FAA, Table III.2, Financing the Airport and Airway System: Cost Allocation and Recovery.

TABLE 3.—TRUST FUND CASH FLOW/DRAWDOWN, 1981-85

[No tax cut—In millions of dollars]

Year	Income, PAX tax	Income, other	Total income	Outgo (costs)	Plus/minus	Surplus status
No tax cut						3,200.0
1981	1,568.1	310.2	1,878.3	2,050	-171.7	3,028.3
Plus interest						3,330.3
1982	1,728.6	335.9	2,064.5	2,150	-85.5	3,244.8
Plus interest						3,568.8
1983	1,889.1	316.4	2,205.5	2,250	-44.5	3,524.3
Plus interest						3,876.7
1984	2,049.6	386.8	2,436.4	2,350	+86.4	3,963.1
Plus interest						4,359.4
1985	2,210.1	412.4	2,662.5	2,450	+172.5	4,531.9
Plus interest						4,985.0

Note: Percent surplus growth equals 55.7.

TABLE 4.—TRUST FUND CASH FLOW/DRAWDOWN, 1981-85

[Passenger tax cut to 6 percent in 1981; cut again to 4 percent in 1983—In millions of dollars]

Year	Income, PAX tax	Income, other	Total income	Outgo (costs)	Plus/minus	Surplus status
6 percent:						3,200.0
1981	1,176.0	310.2	1,486.2	2,050	-563.8	2,636.2
Plus interest						2,899.8
1982	1,296.0	335.9	1,631.9	2,150	-1518.1	2,381.7
Plus interest						2,619.8
4 percent:						
1983	944.4	316.4	1,260.8	2,250	-989.2	1,630.6
Plus interest						1,793.6
1984	1,068.8	386.8	1,447.6	2,350	-902.4	891.2
Plus interest						980.3
1985	1,104.8	412.4	1,517.2	2,450	-932.8	47.5
Plus interest						52.2

Note: Percent surplus reduction equals 98.3.

APPENDIXES

Appendix 1: Comparative Analysis: Actual 1979 Receipts by National System Airports and States, with proposed new funding distribution formula receipts for fiscal year 1981.

Appendix 2: Proposal for Private Airports prepared by the Michigan Aeronautics Commission.

APPENDIX 1.—COMPARATIVE ANALYSIS; 1979 APPORTIONMENTS BY NATIONAL SYSTEM AIRPORTS
AND STATES, WITH PROPOSED NEW FUNDING DISTRIBUTION FORMULA RECEIPTS FOR FISCAL YEAR
1981

[In millions of dollars]

State	Apportioned amount	
	Actual fiscal year 1979	Proposed fiscal year 1981
1. Alaska:		
Anchorage (45) ¹	1.600	2.0034
182 other airports ²	16.617	.....
State (5.00) ³	3.910	15.7500
Total	22.127	17.7534
2. Alabama:		
Birmingham (66)	1.389	1.5465
Mobile (95)	.923	1.1268
7 others	2.564	.....
State (1.67)	.758	5.2557
Total	5.634	7.9290
3. Arizona:		
Phoenix (25)	2.308	3.5381
Tucson (65)	1.397	1.5633
3 others	.819	.....
State (2.12)	.965	6.6719
Total	5.489	11.7733
4. Arkansas:		
Little Rock (74)	1.294	1.3384
5 others	1.356	.....
State (1.28)	.582	4.0283
Total	3.232	5.3667
5. California:		
San Francisco (5)	5.470	10.3973
Fresno (77)	1.256	1.3075
Los Angeles (3)	7.905	15.6799
Oakland (43)	1.646	2.1023
San Jose (34)	1.800	2.4377
Sacramento (42)	1.651	2.1129
Orange County (46)	1.573	1.9451
San Diego (24)	2.392	3.7207
Ontario (55)	1.458	1.8627
Hollywood (49)	1.535	1.6945
16 others	6.452	.....
State (5.00)	3.441	15.7500
Total	36.579	59.0106
6. Colorado:		
Denver (8)	4.635	8.5881
Colorado Springs (98)	.899	1.1142
10 others	2.316	.....
State (2.10)	.954	6.6090
Total	8.804	16.3113
7. Connecticut:		
Hartford (40)	1.696	2.2121
1 other	.201	.....
State (0.88)	.400	2.7695
Total	2.297	4.9816

APPENDIX 1.—COMPARATIVE ANALYSIS; 1979 APPORTIONMENTS BY NATIONAL SYSTEM AIRPORTS
AND STATES, WITH PROPOSED NEW FUNDING DISTRIBUTION FORMULA RECEIPTS FOR FISCAL YEAR
1981—Continued

(In millions of dollars)

State	Apportioned amount	
	Actual fiscal year 1979	Proposed fiscal year 1981
8. Delaware: State (0.50)	.082	1.5750
9. District of Columbia: State (0.50)	.091	1.5750
10. Florida:		
Daytona Beach (100)	.333	1.1054
Fort Lauderdale (27)	2.135	3.1646
Jacksonville (57)	1.454	1.6858
Orlando (29)	2.045	2.9682
Tallahassee (92)	.970	1.1527
Miami (9)	4.430	8.1415
Tampa (22)	2.499	3.9523
Palm Beach (60)	1.440	1.6566
Sarasota (82)	1.083	1.2137
6 others	3.659	
State (2.67)	1.214	8.4029
Total	21.812	33.44373
11. Georgia:		
Atlanta (2)	8.474	15.7500
Savannah (96)	.915	1.1226
7 others	2.569	
State (2.07)	.940	6.5146
Total	12.898	23.3872
12. Hawaii:		
General Lyman (68)	1.360	1.4832
Honolulu (10)	4.195	7.6326
Kahului (39)	1.702	2.2244
KeAhole (76)	1.274	1.3175
Lihue (47)	1.544	1.8835
3 others	.700	
State (0.50)	.136	1.5750
Total	10.913	16.1162
13. Idaho:		
Boise (81)	1.126	1.2370
4 others	1.267	
State (1.40)	.638	4.4060
Total	3.031	5.6430
14. Illinois:		
Chicago (1)	9.901	15.7500
Rock Island (94)	.933	1.1324
12 others	3.315	
State (3.76)	1.714	11.8332
Total	15.863	28.7156
15. Indiana:		
Indianapolis (35)	1.754	2.3369
5 others	2.633	
State (1.90)	.864	5.9796
Total	5.251	8.3165

APPENDIX 1.—COMPARATIVE ANALYSIS; 1979 APPORTIONMENTS BY NATIONAL SYSTEM AIRPORTS
AND STATES, WITH PROPOSED NEW FUNDING DISTRIBUTION FORMULA RECEIPTS FOR FISCAL YEAR
1981—Continued

[In millions of dollars]

State	Apportioned amount	
	Actual fiscal year 1979	Proposed fiscal year 1981
16. Iowa:		
Des Moines (70)	1.340	1.4392
8 others	2.725	.....
State (1.56)	.711	4.9095
Total	4.776	6.3487
17. Kansas:		
Wichita (75)	1.285	1.3233
11 others	1.973	.....
State (1.79)	.813	5.6334
Total	4.071	6.9567
18. Kentucky:		
Kenton Co. (36)	1.728	2.2803
Louisville (51)	1.508	1.8040
3 others	1.335	.....
State (1.44)	.653	4.5319
Total	5.224	8.6162
19. Louisiana:		
Shreveport (84)	1.080	1.2119
New Orleans (23)	2.428	3.7992
5 others	2.452	.....
State (1.69)	.764	5.3187
Total	6.724	10.3298
20. Maine:		
6 others	2.161	.....
State (0.77)	.347	2.4233
Total	2.508	2.4233
21. Maryland:		
Baltimore (32)	1.841	2.5269
State (1.22)	.522	3.8395
Total	2.393	6.3664
22. Massachusetts:		
Boston (11)	4.078	7.3786
5 others	1.171	.....
State (1.63)	.743	5.1298
Total	5.992	12.5084
23. Michigan:		
Kent Co. (88)	1.031	1.1857
Wayne Co. (12)	3.275	5.6369
20 others	5.639	.....
State (3.74)	1.703	11.7703
Total	11.698	18.5929
24. Minnesota:		
Minn./St. Paul (17)	2.989	5.0153

APPENDIX 1.—COMPARATIVE ANALYSIS; 1979 APPORTIONMENTS BY NATIONAL SYSTEM AIRPORTS
AND STATES, WITH PROPOSED NEW FUNDING DISTRIBUTION FORMULA RECEIPTS FOR FISCAL YEAR
1981—Continued

[In millions of dollars]

State	Apportioned amount	
	Actual fiscal year 1979	Proposed fiscal year 1981
10 others.....	2.390	
State (2.25)	1.026	7.0811
Total	6.405	12.0964
25. Mississippi:		
Jackson (86)	1.051	1.1966
8 others.....	1.753	
State (1.29)	.585	4.0598
Total	3.389	5.2564
26. Missouri:		
Kansas City (26)	2.291	3.5023
St. Louis (15)	3.097	5.2514
5 others.....	1.584	
State (2.24)	1.022	7.0496
Total	7.994	15.8033
27. Montana:		
Billings (93)	.943	1.1376
14 others.....	3.448	
State (2.32)	1.056	7.3014
Total	5.447	8.4390
28. Nebraska:		
Omaha (54)	1.459	1.6977
12 others.....	2.432	
State (1.52)	.688	4.7836
Total	4.579	6.4813
29. Nevada:		
Reno (62)	1.409	1.5885
Las Vegas (18)	2.948	4.9274
2 others.....	.297	
State (1.74)	.789	5.4760
Total	5.443	11.9919
30. New Hampshire:		
3 others.....	.612	
State (0.50)	.150	1.5750
Total	.762	1.5750
31. New Jersey:		
Newark (20)	2.874	4.7666
1 Other	.297	
State (2.01)	.912	6.3257
Total	4.083	11.0923
32. New Mexico:		
Albuquerque (48)	1.540	1.8721
3 others.....	1.397	
State (2.04)	.926	6.4202
Total	3.863	8.2923

APPENDIX 1.—COMPARATIVE ANALYSIS; 1979 APPORTIONMENTS BY NATIONAL SYSTEM AIRPORTS
AND STATES, WITH PROPOSED NEW FUNDING DISTRIBUTION FORMULA RECEIPTS FOR FISCAL YEAR
1981—Continued

[In millions of dollars]

State	Apportioned amount	
	Actual fiscal year 1979	Proposed fiscal year 1981
33. New York:		
Syracuse (61)	1.430	1.6338
Albany (69)	1.353	1.4669
Rochester (56)	1.457	1.6930
Buffalo (33)	1.808	2.4533
J. F. K. (4)	6.569	12.7825
LaGuardia (7)	4.828	9.0049
8 others	5.383	
State (5.00)	2.533	15.7500
Total	25.361	44.7844
34. No. Carolina:		
Raleigh (64)	1.397	1.5633
Charlotte (38)	1.722	2.2669
Greensboro (72)	1.310	1.3745
9 others	3.090	
State (2.10)	.958	6.6090
Total	8.477	11.8137
35. North Dakota:		
7 others	2.486	
State (1.19)	.541	3.7451
Total	3.027	3.7451
36. Ohio:		
Cleveland (21)	2.660	4.3029
Columbus (44)	1.609	2.0240
Dayton (53)	1.481	1.7440
Toledo (97)	.905	1.1174
3 others	1.670	
State (3.45)	1.572	10.8576
Total	9.898	20.0459
37. Oklahoma:		
Oklahoma City (52)	1.495	1.7750
Tulsa (58)	1.448	1.6743
4 others	.814	
State (1.69)	.770	5.3187
Total	4.527	8.7680
38. Oregon:		
Portland (30)	1.965	2.7959
7 others	21.023	
State (1.96)	.892	6.1684
Total	4.880	8.9643
39. Pennsylvania		
Philadelphia (14)	3.119	5.2981
Harrisburg (91)	.981	1.1584
Pittsburgh (13)	3.231	5.5419
5 others	2.461	

APPENDIX 1.—COMPARATIVE ANALYSIS; 1979 APPORTIONMENTS BY NATIONAL SYSTEM AIRPORTS
AND STATES, WITH PROPOSED NEW FUNDING DISTRIBUTION FORMULA RECEIPTS FOR FISCAL YEAR
1981—Continued

[In millions of dollars]

State	Apportioned amount	
	Actual fiscal year 1979	Proposed fiscal year 1981
State (3.77)	1.719	11.8647
Total	11.511	23.8631
40. Rhode Island:		
Providence (78)	1.231	1.2939
State (0.50)	.122	1.5750
Total	1.353	2.8689
41. So. Carolina:		
Charleston (80)	1.142	1.2457
Richland/Lexington Airport Authority (83)	1.083	1.2136
3 others	1.441	
State (1.14)	.518	3.5877
Total	4.184	6.0470
42. So. Dakota:		
9 others	2.541	
State (1.30)	.589	4.0913
Total	3.130	4.0913
43. Tennessee:		
Knoxville (79)	1.187	1.2700
Memphis (28)	2.078	3.0391
Nashville (50)	1.535	1.8612
4 others	1.864	
State (1.65)	.751	5.1928
Total	7.415	11.3631
44. Texas:		
Austin (71)	1.314	1.3821
El Paso (63)	1.400	1.5686
Houston (16)	3.046	5.1408
Lubbock (87)	1.034	1.1872
Midland (90)	.982	1.1588
San Antonio (41)	1.690	2.1974
Dallas (6)	5.362	10.1642
10 others	4.886	
State (5.00)	3.111	15.7500
Total	22.825	38.5492
45. Utah:		
Sale Lake City (31)	1.897	2.6466
10 others	.148	
State (1.51)	.688	4.7522
Total	2.733	7.3988
46. Vermont:		
2 others	.767	
State (0.50)	.117	1.57650
Total	.884	1.5750
47. Virginia:		
Norfolk (59)	1.448	1.6738

APPENDIX 1.—COMPARATIVE ANALYSIS; 1979 APPORTIONMENTS BY NATIONAL SYSTEM AIRPORTS AND STATES, WITH PROPOSED NEW FUNDING DISTRIBUTION FORMULA RECEIPTS FOR FISCAL YEAR 1981—Continued

(In millions of dollars)

State	Apportioned amount	
	Actual fiscal year 1979	Proposed fiscal year 1981
Richmond (85).....	1.057	1.1996
6 others.....	1.752	.....
State (1.84)	.838	5.7907
Total	6.397	10.0212
48. Washington:		
Seattle (19).....	2.935	4.8989
Spokane (67).....	1.387	1.5419
2 others.....	.823	.....
State (1.93)	.876	6.0740
Total	6.021	12.5148
49. West Virginia:		
8 others.....	2.542	.....
State (0.82)	.370	2.5807
Total	2.912	2.5807
50. Wisconsin:		
Brown Co. (99)	.891	1.1100
Cane Co. (89).....	.997	1.1669
Milwaukee (37).....	1.722	2.2676
8 others.....	2.190	.....
State (2.12)	.967	6.6719
Total	6.767	11.2164
51. Wyoming:		
9 others.....	1.896	.....
State (1.50)	.687	4.7207
Total	2.583	4.7207
Total United States:		
Airports.....	330.000	315.00
States	48.750	315.00
Total apportioned.....	378.750	630.00
Total discretionary.....	196.250	70.00
Total planning grants.....	15.000	.....
Total.....	590.000	700.00

* Number indicates rank of airport named, in terms of enplanements, within top 100 air carrier airports, throughout.

* Included all other eligible airport (i.e. in the NASP) whether or not each received funding in fiscal year 1979; funds shown are based on apportionments. This category would not be continued under the structure proposed, but would be included in each State's apportionment, throughout.

* Number indicates percentage of Regional Airport System (or State) funds: 5 percent maximum, 0.5 percent minimum, throughout.

APPENDIX 2.—STATE OF MICHIGAN PROPOSAL FOR FEDERAL AID TO PRIVATE AIRPORTS

The NASAO post-1980 ADAP proposal contains a line item for extraordinary costs. It is recommended this item be used for acquisition of endangered private airports. The Michigan Aeronautics Commission believes the only long-range solution to the problems of endangered private airports is public ownership. To accomplish this goal, it will be necessary to establish a separate fund, in the post-1980 Airport Act, with special requirements for its expenditures in acquiring endangered

private airports which are contained on the National Airport System Plan. The requirements for issuance of grants from the fund would have to act as an incentive to local governments to get involved in sponsorship of public airports. It is recommended the following general criteria be developed for this special fund:

1. Federal participation rate. The participation rate should be a rate which would make the acquisition within the reach of smaller local governments. It is recommended a 90 percent federal, 10 percent local, one-time rate be established. In states such as Michigan, which participate in airport projects, the local percentage would be reduced to 5 percent. The local government will be making a financial commitment to run and operate the airport for a minimum of 20 years.

2. Have a relaxation of initially meeting all of the federal airport geometrics advisories, standards for land requirements, and ownership of runway approaches. Most privately-owned airports do not meet all of FAA airport advisory circular guidelines. If FAA would require, upon initial purchase, that the airport meet all of these standards, the program would not be accomplished in a timely manner or be financially or environmentally practical. Most of these airports have completely safe operations with standards considerably less than FAA airport requirements.

3. Federal assistance should be based on a limited scope feasibility study, including an environmental impact assessment report, and not on expensive, time consuming full scope master plan site selection studies. Some of these full scope studies for general aviation airports cost over \$100,000 and take 3 to 4 years to complete.

4. Establish annual federal funding of a minimum of \$32.4 million for assisting local governments in the acquisition of endangered private airports contained on the National Airport System Plan (NASP). The Secretary of Transportation's report to Congress indicates 119 privately owned airports on the NASP are in danger of closing in the next 10 years. It is estimated than 75 percent of these airports (90) would be suitable for public acquisition.

The estimated average cost per airport is \$2 million. Two million times the 90 airports equals \$180 million. Ninety percent (90 percent) of the \$180 million is \$162 million and this could be spread over a five year time frame for an average federal appropriation of \$32.4 million annually. The \$162 million federal dollars to retain 90 vital airports in the national airport system is a reasonable cost to justify. If new airports had to be constructed, the costs would be considerably greater.

In Michigan, there are 12 privately-owned airports on the NASP, or have the possibly of being on the NASP. All of these airports have the potential for closure within the next five years. Currently, 5 of these airports are anxious to sell to a public agency now. They are located at Frankenmuth, Holland, Plymouth, Salem, and Utica. It is estimated that unless assistance is given in the retention of private airports, the state will lose these 5 vital airports from the air transportation system within the next 2 to 5 years. Two of these airports, Mettetal at Plymouth, and Salem, are currently on the real estate market and are up for sale now.

It is important that a special fund be established in the post-1980 Airport Act to solve this special problem in our aviation system and these funds must be in addition to funds authorized in other portions of the Act. To be effective, it must also have the special criteria for allocating (conditions for making grants), as outlined in this recommendation. Considering the five airports which currently would like to sell to public agencies in Michigan, this state alone would have a need for 9 million dollars the first year if this special fund were established, as recommended.

It is recommended that the extraordinary fund be established at a \$50 million-a-year level for a total of \$750,000,000 over the five year period. The extra amount over the \$32.4 million annually (\$17.6 million) would be needed for larger one-time acquisitions, such as the purchase at Burbank, California.

APPENDIX 3.—AVIATION POLICY STATEMENTS, NATIONAL GOVERNORS' ASSOCIATION AIR TRANSPORTATION

Aviation is a vital component of a balanced transportation system. The Governors have a major interest in the policies and programs that affect aviation and the development of airport and airway facilities. The importance of aviation to industrial and community development and the proven capacity of the states, working in conjunction with the affected regions, to implement airport development programs in a most cost-effective manner are convincing reasons for a stronger state role. The four-state demonstration program was a constructive step in the right direction. It is now appropriate for Congress to consider the results of this program. The transfer of the administrative burden pertaining to projects involving general aviation, commuter, reliever, and small air carrier airports to qualified and willing states should be accomplished as soon as possible. The Governors note that forty-six states currently provide state funds for airport development. The Governors urge all states to

assess their technical qualifications and strengthen their aviation agencies as necessary, broaden their financial and technical assistance to airport sponsors, and fully implement their planning responsibilities in the development of air transportation.

A. Planning

1. All airport facilities development should continue to be based on evolving state and national airport system plans. Local and regional airport plans should be considered as integral elements in the overall state plans. The National Airport System Plan must reflect essential elements of component state plans.

2. The Governors call for a continuous, adequately funded planning grant program to the states to help them carry out air transportation systems planning in the context of statewide, multimodal transportation systems planning.

B. Finance

1. The Governors endorse the principle of user financing to support the Airport Development Aid Program. However, we are concerned about the growing balance in the Airport and Airway Trust Fund and we urge Congress to reduce these balances through increased authorizations. Higher authorizations are needed to provide increased funding for general aviation safety and navigation aids and to support a special, discretionary fund for unique and high-cost projects, such as the purchase of private airports or the development of major new passenger or freight hub airports. The Governors also urge Congress to set obligation ceilings at a high enough level to enable the obligation of all appropriated airport development funds. Imposition of the current ceiling has reduced the amount of discretionary funds available for obligation.

2. The Governors are concerned about the Administration's proposal to fund the Federal Aviation Administration operations and maintenance activity from the Airport and Airway Trust Fund. The program's routine and ongoing personnel and maintenance cost should be supported by general tax revenue. The support of such activities from user taxes that were imposed to fund improved facilities is an unwarranted use of dedicated funds.

3. The current airport development aid program does not provide sufficient flexibility to target funds to areas of greatest need, nor does it take into account the Governors' role and responsibility for overall economic development within their states. The Governors urge Congress to restructure the program to provide individual grants to the nation's busiest airports. Such grants should be provided to the states when requested by Governors. Block grants should be provided to the states for airport development at all other airports.

A transfer to the states of federal administrative responsibility for the airport development program would coincide with block grants and would allow the states to fund airport needs consistent with their state airport system plans. To give stability to the federal Airport Development Aid Program the Governors further recommend that Congress authorize the program for at least four years.

4. Numerous private airports have succumbed to land development pressures in recent years. Many of these airports relieve the area's air carrier airport(s) of a substantial amount of general aviation operations and are thus essential to the efficient use of the air carrier airport(s). To reduce the threat of additional closings of privately owned, public use reliever airports, the Governors urge that, at their individual request, present federal programs be extended to these airports with retention of appropriate equity by the public.

5. Commuter air service is a vital part of the national network of air service and is particularly important to small communities without other scheduled air service. Current funding to commuter airports, however, is inadequate. The Governors urge that the post fiscal year 1980 Airport Development Aid Program provide funding sufficient to meet commuter airport needs.

6. Efficient ground access to airports is essential to the proper functioning of airport facilities. Yet, with the continuing rapid growth in air travel many ground access facilities are no longer adequate. Airport Development Aid Program funds should be available for ground access improvements essential to safe and reasonable access to an airport.

C. Operation

1. The Governors urge all states to make every effort to encourage effective local airport zoning laws, including height zoning laws, to achieve land use that is compatible with airport and aircraft operations. The National Governors' Association applauds and supports in principle the U.S. Department of Transportation

National Noise Policy designed to further reduce aircraft noise. Continued research on noise abatement by the U.S. Department of Transportation is encouraged.

2. The Governors endorse the policy of joint use of military air port facilities by civil aircraft wherever feasible and urge that this policy be implemented expeditiously at the highest federal level.

3. The Federal Aviation Administration is urged to revise its present policy on minimum eligibility standards for installation of control towers. Such a revision should include consideration of number and type of aircraft, aircraft operations, passenger flow, safety, weather conditions, and social benefits.

The CHAIRMAN. Next we'll hear from the ACCENT group of aviation organizations, Mr. John Winant.

STATEMENT OF JOHN WINANT, CHAIRMAN, ACCENT; ACCOMPANIED BY L. BURIAN, PRESIDENT, NATIONAL AIR TRANSPORTATION ASSOCIATION; D. EKEDAHL, EXECUTIVE DIRECTOR, CAAA; F. R. HOYT, EXECUTIVE VICE PRESIDENT, AAAE; J. D. REILLY, EXECUTIVE VICE PRESIDENT, AOCI; E. STIMPSON, PRESIDENT, GAMA; AND C. VON KANN, SENIOR VICE PRESIDENT, ATA

Mr. WINANT. Mr. Chairman, I would like to identify the members of the ACCENT group who are with me here at the witness table.

Mr. Russell Hoyt, executive vice president, AAAE, at your right. Mr. Duane Ekedahl, executive director, Commuter Airline Association; Mr. J. Donald Reilly, executive vice president of the Airport Operators Council International.

On your left, Mr. von Kann, senior vice president, ATA; Mr. Lawrence Burian, president, National Air Transportation Association; and Mr. Edward Stimpson, president, General Aviation Manufacturers Association.

We seven organizations comprise the ACCENT group. We much appreciate the opportunity of offering our joint comments on S. 1648 and S.1649, bills which are of major significance to the aviation community.

They also provide another example of the chairman's continuing leadership in civil aviation.

We come before you under the aegis of ACCENT, an acronym for Aviation Community Coalition for Efficient National Transportation.

Organizations comprising ACCENT will present detailed statements of their particular views during these hearings.

We all feel, however, that it is essential for us to make a brief joint statement as the beginning point in the interest of emphasizing the many fundamental agreements we all share on key provisions of whatever act emerges as successor to the Airport and Airway Development Act of 1970.

Just a few words about ACCENT seem appropriate. Early in 1978 a number of aviation industry leaders became very deeply concerned about future aviation system capacity. We all were alarmed by the shortcomings of effective existing development programs and by longstanding administration policies which prevented use of aviation trust fund monies for their intended purposes.

We recognize that the 1970 act would soon be expiring and that follow-on legislation should have a major, beneficial effect on system capacity. The group initiated discussions aimed at addressing

the needs for capacity improvement and the means for achieving it, along with enhanced safety in the system.

The following organizations subscribe to my statement: Air Transport Association of America; Airport Operators Council International; American Association of Airport Executives; Commuter Airline Association of America; General Aviation Manufacturers Association; National Air Transportation Association; National Business Aircraft Association.

In recent weeks, the ACCENT group has spent many hours addressing S. 1648 and S. 1649, and what we consider to be its three principal objectives: Defederalization of some portions of the existing airport development program; a drawing down of the huge, \$3.2 billion uncommitted trust fund surplus through programs which will increase capacity and safety; and reduction in existing Federal user tax levels.

Some ACCENT organizations will pose serious questions or concerns on defederalization in their statements. There will also be unreserved support expressed for the concept at these hearings. Agreements reached by all ACCENT members prior to introduction of S. 1648 and S. 1649, however, totally coincide with the objectives of making constructive use of the trust fund surplus while providing for reduced user taxation.

We also wish to emphasize the many other points on which we all agree. Very briefly, they include:

One: Expenditures totaling \$1.755 billion for ADAP and associated Federal programs for fiscal year 1981. A summary of individual program expenditures is given in tabular form on the attachment to this statement. We assume there would be a 7-percent-per-year increase in program expenditure levels from 1982 through 1985.

The fiscal year 1981 total would include:

A general aviation airport program of \$150 million, to be divided about equally among those in the general aviation airport category and those airports defined as relievers. ACCENT organizations feel strongly that heavy emphasis must be placed on reliever development if capacity problems are to be effectively solved.

An air carrier airport program of \$725 million. Recognition is given in it to the important role of commuter service under deregulation.

Creation of a special discretionary delay, capacity, land-banking fund of \$45 million a year to be spread among large, single, airport development or airways facility programs.

A Federal F. & E. program of \$400 million; a Federal research and development program of \$85 million. A Federal M. & O. program of \$350 million.

Federal matching funds for ADAP projects set at 90 percent for those which involve new capacity and at 80 percent for all others.

User taxes set at levels necessary to fund the recommended programs, which means that reductions from existing levels could be achieved.

Continued integrity of the trust fund as a vehicle dedicated exclusively to improvement of capacity and safety.

The cutting of Federal redtape by permitting sponsors to submit 3-year programs, after consultation with users, by enabling the

sponsors to use block grants for approved projects without the need for FAA approval of specific project elements.

Preservation of the direct Federal-to-airport sponsor relationship in the ADAP process. We are deeply concerned with the adverse effects inherent in the creation of another level of bureaucracy should the role of States be mandatorily increased.

ADAP funding eligibility for automatic weather reporting equipment; and for projects at privately owned public use airports where there would be beneficial impact on aviation system capacity.

Establishment of high priority by FAA for ADAP projects which increase the landing area capacity at airports.

More flexibility with respect to strict FAA guidelines for installation of navigational aids so as to enhance both safety and capacity.

Using S. 1648 as the basis, the ACCENT organizations have drafted and are reviewing legislative language which would address each of the goals stated above. At the appropriate point, we would be pleased to offer the final product for your consideration.

Mr. Chairman, I do not believe that a coalition of national aviation organizations has ever before come before you with such a united set of principles as does ACCENT. Unity among those who comprise a divergent group, each with its own very pressing requirements and goals, bespeaks the seriousness of the problem which first brought us together in 1978.

Expansion of the capacity of our Nation's aviation transportation system is essential. Special emphasis on safety related projects is required as a concomitant to increased capacity.

We look forward to working with you so that we may each take a responsible part in insuring that the needs for capacity and safety are fully met in the years ahead.

We thank you, Mr. Chairman.

[The attachment referred to follows:]

ACCENT STATEMENT—FISCAL 1981 PROPOSALS

[Millions of dollars]

ADAP programs:	
Commercial service airports.....	725
Enplanements—380	
Discretionary—345	
Other than commercial service airports.....	80
Reliever airports.....	70
ADAP total.....	875
Federal programs:	
Facilities and equipment.....	400
Research and development.....	85
Operations and maintenance.....	350
Delay/capacity/land banking.....	45
Federal programs total.....	880
Total.....	1,755

The CHAIRMAN. Thank you very much. And in light of that unanimous spirit, I won't interrupt it with any questions now because each of you either have been or will be testifying on behalf of your organization before the committee.

Thank you very much, gentlemen. We will see you here tomorrow at 9:30.

[Whereupon, at 12:50 p.m., the hearing was recessed to reconvene at 9:30 a.m., September 11, 1979.]

The first part of the report deals with the general situation of the country and the progress of the work of the Commission. It then goes on to discuss the various aspects of the problem, including the economic, social, and political factors involved. The report concludes with a series of recommendations for the future work of the Commission and for the government.

The second part of the report contains a detailed analysis of the various aspects of the problem. It discusses the economic situation, the social conditions, and the political factors involved. It also discusses the progress of the work of the Commission and the results of its investigations.

The third part of the report contains a series of recommendations for the future work of the Commission and for the government. It discusses the need for further investigation and the need for the government to take action to address the various aspects of the problem.

The fourth part of the report contains a series of conclusions and recommendations. It discusses the need for further investigation and the need for the government to take action to address the various aspects of the problem.

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AIRPORT AND AIRWAYS SYSTEM DEVELOPMENT ACT OF 1979

TUESDAY, SEPTEMBER 11, 1979

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
SUBCOMMITTEE ON AVIATION,
Washington, D.C.

The committee met at 9:35 a.m. in room 235, Russell Senate Office Building, Hon. Howard W. Cannon (chairman of the committee) presiding.

The CHAIRMAN. The hearings will come to order.

Today we will hear first from Mr. Russell Hoyt, the executive vice president of the American Association of Airport Executives.

Mr. SOLOMON. Good morning, Senator.

The CHAIRMAN. Are you testifying in lieu of Mr. Hoyt?

Mr. SOLOMON. Yes, sir; I am.

STATEMENT OF JOHN SOLOMON, DIRECTOR OF AVIATION, McCARRAN INTERNATIONAL AIRPORT, LAS VEGAS, NEV., REPRESENTING THE AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES; ACCOMPANIED BY ROGER SEKADLO, CHAIRMAN, FEDERAL AFFAIRS COMMITTEE; AND RUSSELL HOYT, EXECUTIVE VICE PRESIDENT

Mr. SOLOMON. Mr. Chairman, thank you for the opportunity to present our views on legislation to carry forward the basically sound Federal airport aid program beyond 1980, specifically our views on the Airport and Airways System Development Act of 1979.

I am John Solomon, director of aviation, McCarran International Airport, Las Vegas and am speaking this morning as president of the American Association of Airport Executives. With me is Roger Sekadlo, executive director of the Greensboro-High Point Airport Authority and chairman of our Federal Affairs Committee; also Russell Hoyt, executive vice president of the Association.

Membership of AAAE is composed of the individuals who manage the Nation's airports—airports that range from the largest hubs down through all the medium and small to most of the nonhubs, as well as many of the busier reliever, commuter and general aviation airports.

Earlier in these hearings you heard from the ACCENT Chairman John Winant. As you probably can well imagine, it has not been easy for the aviation community to stay together long enough to agree even on general principles. The driving force that has kept the group together was the need for a unified position. The Senate

Aviation Subcommittee has, in the past, been critical, and justifiably so, of industry's inability to reach a consensus on what is desirable in terms of the best legislative programs. We are in substantial agreement with each of the eight points mentioned in the ACCENT statement; certain of the points we will elaborate upon more fully later on.

In mid-1978, we began discussion on how the program could be carried forward into the 1980's to more adequately meet the safety and capacity needs of the aviation system. The aviation community coalition endeavored to develop a proposal making relatively minor changes in the existing act.

In early 1979 we had the opportunity to carefully review the administration's proposed legislation. There are certain elements in this bill, S. 1581, with which we were not in agreement. Briefly these items are:

One, participation by the States in the administration of the airport program. We found little support from the membership of our organization for this concept and little justification for building another layer of bureaucracy.

Two, the melding of separate discretionary funds into a combined one. The idea has merit in that it avoids tying up funds in four distinct categories. However, we believe that a combined fund allows the Secretary extraordinary discretion in the distribution of funds between commercial service and general aviation airports. As Congress sets the taxing levels on the various segments of aviation, it should set the broad policy with respect to the distribution of funds.

Three, the requirement that airport/airline agreements be summarily modified or terminated merely on the basis of alleged discrimination on the part of the airport operator.

More recently came the dramatic new approach that you incorporated in the Airport and Airways Systems Development Act of 1979. As you know from previous testimony given over the years, airports have been expressing deep concern over the steadily increasing Federal intervention to the point where management prerogatives and initiatives were being seriously compromised. It is the considered opinion of airport management that essential airport improvement projects would be more expeditiously accomplished at a significantly lower cost if there were less Federal involvement. The defederalization of airports, which is now proposed, would go a long way in eliminating much of the Federal redtape.

S. 1648 and its companion S. 1649 contain another excellent feature. Those of us with long memories recall that when the aviation trust fund was first proposed, it was proposed on the basis that it would be a balanced fund—that is, receipts and expenditures would be more or less in equilibrium. Therefore, we, just as you, have become increasingly frustrated with the OMB's consistent efforts to keep trust fund revenues high and expenditures low. If it had not been for the administration's policy of holding down expenditures from the trust fund, the airports and airways would be in much better shape to handle the great increase in aviation activity that is now beginning to put a serious strain on the aviation system. If the Federal Government is not willing to use the

user taxes for the improvement of the system, then the wisest alternative will be to reduce the level of charges while drawing down from the inordinately high surplus.

There is little question that the defederalization of the larger airports holds great promise of moving ahead on needed development in a more efficient and timely manner. This promise however must be tempered by realities. Theoretically, the airlines and the airports should be able to work out new financing arrangements to replace the funds that would have been received through the enplanement formula. At some airports, this perhaps would prove true. However, there is no uniform situation that exists. Some airports have completed development sufficient to meet anticipated demands for an extended period; others are in, or about to begin, substantial improvement programs. Those that have completed major projects may have done so after securing long-term financial commitments from the airlines. Such agreements often do not provide the sponsor with the latitude to increase user charges to replace lost enplanement funds.

It could be argued that the airport and the airlines serving that airport should have the same airport development goals. Therefore, if the airlines were not in agreement on the need for certain projects, they would not be carried forward. In reality, however, airline decisions on major construction are often dictated by the current P. & L. statement. If the profit picture is not good, the airline will make no major financial commitments regardless of what the long term, perhaps detrimental, effect such a decision may have. The airport, on the other hand, must be responsive to all users of the airports, including new comer airlines, general aviation, and most importantly the guy that pays the bill, the traveling public. Any needed development must be planned and financing worked out years before the facilities comes online.

Any defederalization of airports cannot go just part way. Removing airports from the Federal airport aid program is an important part of defederalization process; an equally important part is the lifting or modification of the present Federal statute that will not permit an airport to generate revenue for airport operation and improvement through a passenger service charge.

Airport management spoke out against the prohibition when proposed back in 1972. We could not understand, particularly in light of the Supreme Court decision, why or how the Federal Government would prohibit an airport from establishing a passenger service charge. During the intervening months between the court decision in the *Evansville* case in April 1972 and the signing into law in June 1973 of amendments to the Airport Act, some 40 to 50 airports used the passenger service charge to meet airport operating and capital development needs; and with one glaring exception, the level and collection of this charge posed no unreasonable burden on the passenger. This occurred while the passenger was simultaneously paying an 8-percent ticket tax. Certainly if the tax were reduced, as proposed, the burden on the passenger would be substantially reduced even if a reasonable service charge were imposed at some airports.

The number of passengers enplaned at an airport can be quite accurately estimated. The name and number of airlines in which

these passengers will be accommodated is much less of a known fact given the ease of entry and exit permitted by the Airline Deregulation Act. Therefore, a charge based on the passenger's use of airport facilities is a superior method of assuring adequate future funding to meet the capacity and safety needs of airports.

Because there is a certain element of the fear of the unknown, as was the case with the airline deregulation proposal, there is less than a wholehearted endorsement of the airport defederalization proposal.

We therefore believe it advisable to use a phased-in approach. Perhaps the legislation should consider that in the first year of the phase out, only the large hubs, or perhaps the top 40 airports, become ineligible. Then assuming that the program was working well, in fiscal year 1984, the remainder of the airports down to the 0.25-percent level could be eliminated. Regardless of this phased approach, any airport, even those below the medium hub category, could voluntarily opt out at any time after fiscal year 1981.

S. 1648 contains other provisions which will make for a superior airport aid program. The present act ties up too much money in separate accounts. Removing the annual set-aside of \$150,000 each for commercial service airports, yet assuring these airports of a substantial amount for the occasional costly projects, will provide a greater flexibility in the program.

S. 1648 places greater reliance on sponsor certification. This should help eliminate some of the excessive Federal redtape that now plagues the program.

Although we urge somewhat high funding levels as detailed in the ACCENT testimony, we are particularly pleased that S. 1648 proposes to keep some reasonable balance in funding for the various activities supported by the trust fund. We take strong objection to the administration's approach of offering rather meager increases—insufficient even to keep pace with inflation—in ADAP, R. & D., and F. & E. while proposing billions for the operation and maintenance of the airways system.

Again, we thank you for the opportunity to testify. This is rather complex legislation. In an effort to keep our testimony within the time allotted, we have not touched on all the issues. However, we will endeavor to respond to questions you or the members may have.

The CHAIRMAN. Thank you very much, John, for a very useful statement. I certainly appreciate the range of views a professional airport organization might receive on a bill which eliminates some airports eligible for Federal funds and I think the AAAE's position is a constructive one.

In your statement you note what you call the theoretical possibility that larger airports should be able to work out new financial arrangements to replace lost ADAP, and you say this would perhaps prove true for some airports.

Now if some larger airports can professionally exercise their proprietary rights, then I fail to see why Congress should be expected to protect those operators who, for reasons of local politics or inefficient management, do not exercise those rights. I'm wondering if you expect Congress to write a Federal law based on protecting the airport operator who doesn't exercise his rights as a

landlord or to write a Federal law which rewards the inefficient operators.

Mr. SOLOMON. Well, we don't expect Congress to write a bill that will protect only the airports. What we would like to see is a balanced protection for both airports and for the users of the airports, not only the airlines but the passengers. In this day and age where we are looking at tremendous expenditures of capital—and I might use our airport as an example, Senator. We are looking at \$312 million of expenditures over the next 10 years. I don't doubt that we can negotiate successfully with the airlines for raising landing fees and for charging appropriate rentals in the buildings that will not only pay the cost of maintenance and operation but will also sustain the cost of our revenue financing. But many airports who are smaller than McCarran simply do not have that certainty of service that we have at McCarran. I think that that is the reason why we would like to see a greater balance; something that would give some protection to the airports as well as some protection for the airlines and the user.

The CHAIRMAN. Well, you said that long-term contracts do not provide airport sponsors with latitude to increase user charges to replace lost ADAP. Now FAA testified yesterday that in review of 13 such contracts none established a rate level; rather, the airline rates and charges floated based upon other revenues and new construction projects.

Now is FAA's analysis incorrect or are they correct on that?

Mr. SOLOMON. I have not seen their analysis, Senator, and I think that you can probably find as many airports that have very restrictive language in their contracts as you can those that have a flexible approach, such as the 13 airports that you have described to me.

The CHAIRMAN. If that analysis is correct, then it would seem that the long-term contracts would have a built-in mechanism for making up lost ADAP. I'm sure yours has that type of a mechanism, doesn't it?

Mr. SOLOMON. We are very fortunate, Senator, that we don't have long-term agreements. We have an ordinance in which we establish rates and charges at McCarran. We are one of a very few airports that operates in that manner and to this date we have not been challenged.

As a matter of fact, we feel that we have a superior way of doing business with the airlines and we feel the airlines feel that way too. If we were to have long-term agreements our financial consultant advises us that we would have much less flexibility.

The CHAIRMAN. Well, I'm sure that airports today don't go forward with large new construction projects based solely on their eligibility for ADAP, do they?

Mr. SOLOMON. No, sir. In our case I could give you some specifics. The first 5 years capital improvement program that is proposed for McCarran cost will be approximately \$189 million. If we were to receive Federal funds for all that is eligible we would receive over \$50 million; but in fact, under the enplanement formula we would receive only \$16 million, which is a little short of \$189 million.

The CHAIRMAN. So actually it's about in the average range. In other words, the average I think is probably around 10 percent. This would be a little less than 10 percent.

Mr. SOLOMON. Yes, that's correct.

The CHAIRMAN. I think in most every case the larger airports find that they must negotiate with the airlines to recapture the cost of a project that ADAP will not cover. Isn't that precisely what you have to do?

Mr. SOLOMON. Yes, that's correct.

The CHAIRMAN. In your testimony you ask why the Federal Government would prohibit an airport from establishing a passenger service charge. Well, let me answer your question.

First, local communities showed their ability to abuse the head tax and I admit that you said with one exception in your testimony. Second, we already hit the passenger twice; first, through the airline ticket for the 8 percent tax, and the second time for his share of the airline cost to cover airport charges. And finally, head taxes are intrinsically discriminatory in that they do not cover all the airport users. For example, all cargo carriers and general aviation.

So I fail to understand why the airports claim that. There's a head tax. There's a charging mechanism when the real issue is replacing that total amount of money you would have received under ADAP if it were continued. I'd just ask you this: Why do you care what kind of a charge makes up that roughly 10 percent that you were getting under ADAP?

Mr. SOLOMON. Well, our membership, Senator Cannon, feels that we could more efficiently collect and use the charges if they were collected on a local basis. I think that historically the air transportation industry is the only industry in which the communities have provided terminal facilities. So we do have a proprietary interest. ADAP has not worked as well as it should have and the trust fund has not worked as well as it should have because the monies simply cannot be released from the trust fund for their intended purpose.

So we feel the user is not receiving the tax money back that he paid through the ticket tax. We feel it would be much more efficient to charge the tax on a local basis, on the basis of need for capital improvements, and to spend the money in the local community where it's generated.

The CHAIRMAN. What would AAAE's thoughts be about a clause added to the bill which would apply to airports who have contracted away their right to raise or impose charges on the airlines and would basically say that notwithstanding such contracts an airport can negotiate with the airlines to replace the money it would receive from the trust fund and that any unresolved dispute over the level of fees or proposed improvement projects should be subject to arbitration?

Mr. SOLOMON. Well, the language is satisfactory to probably the majority of large airport operators. It is the least of three possibilities for the majority of medium hub operators. The medium hub operators feel that the traditional approach of ADAP would be more desirable than the language which you have spoken of. I think the reason for that is that much can be done through the

legislative process in both Houses of Congress to water down the language and not get the airport operator the protection that he thinks he needs.

[The following information was subsequently received for the record:]

AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES,
Washington, D.C., September 24, 1979.

Hon. HOWARD W. CANNON,
Chairman, Senate Committee on Commerce, Science, and Transportation, Russell
Office Building, Washington, D.C.

DEAR SENATOR CANNON: On September 24th we returned, to the Commerce Committee Printing Clerk, Mr. Beasley, a corrected version of our testimony given before your Subcommittee on September 11th. Instructions accompanying the transcript stated that only minor changes are permitted; that if changes in substance are desired, application should be made to the Chairman. Please consider this as an application to make the following change in our testimony:

You asked this question: "What would AAAE's thoughts be about a clause, added to the bill, which would apply to airports who have contracted away their right to raise or impose charges on the airlines and would basically say that notwithstanding such contracts an airport can negotiate with the airlines to replace the money it would receive from the trust fund and that any unresolved dispute over the level of fees or proposed improvement projects should be subject to arbitration?"

I answered: "Well, the language is satisfactory to probably the majority of large airport operators. It is the least of three possibilities for the majority of medium hub operators. The medium hub operators feel that the traditional approach of ADAP would be more desirable than the language which you have spoken of. I think the reason for that is that much can be done through the legislative process in both Houses of Congress to water down the language and not get the airport operator the protection that he thinks he needs".

When I heard the question, only the first portion of it registered with me. I assumed that you were referring to the language that had tentatively been worked out when the airport operators met with you in Reno earlier this month. It was not until I read the question in its entirety, did the full implication of the proposal become clear. Therefore, I would ask that you consider the following as more responsive to your question.

"Ever since your proposal was first presented back in May, we have been endeavoring to work out, with the airlines, some sort of clause to be added to the bill or some funding mechanism that would not require Federal legislation. To date, we have not been able to do this, although we have not given up. However, we seriously question whether airport management would agree to any proposal that involved arbitration. In fact, recourse to arbitration was one of the ideas which airline and airport representatives had been dealing with in our deliberations over the past month or so. We would basically oppose arbitration because we believe it would be an abrogation or "cop out" of management's responsibility to establish reasonable rates and charges based on the services and facilities provided. Consultation, even negotiation, with the airlines and other users is one thing, but reliance on some independent arbitration board would, in our opinion, be unacceptable to airport management".

Sincerely,

JOHN D. SOLOMON,
President.

The CHAIRMAN. Let me ask you two gentlemen as airport operators if S. 1648 were passed as it now stands, could you raise the revenues you need for expansion without ADAP?

Mr. SOLOMON. Yes, I can.

Mr. SEKADLO. Yes.

The CHAIRMAN. I thought the attitude of ATA was fairly reasonable yesterday and they didn't come flat out and say what some would like them to say, but they indicated certainly that their members expected to be called upon to make up the revenue that would be lost if we went to this system from the ADAP fund. Did you get that impression?

Mr. HOYT. With respect to the attempt through Federal legislation to get into the question of long-term contracts, airport management shies away from that primarily because we really don't see how you could write language like that without, quite frankly, crimping the airport's style. Theoretically, the airport can charge anything it wants to subject to reasonableness. If there were Federal legislation there would probably have to be some limit on it so we could end up with the present prohibition against the head tax, no ADAP for those airports, and then, the language might not stand a court challenge. We really have nothing to fall back on.

The CHAIRMAN. Of course, there are not too many airports that have long-term inflexible contracts now. I remember in the past some of the difficulties that some of the airport operators have had in trying to renegotiate and get rights back that had been negotiated away years earlier to put them into a straitjacket type position. I think generally most of the airport operators have tried to get away from that type of situation and get some flexibility in the contracts they have or, as John Solomon says, not enter into a long-term contract at all.

Mr. HOYT. Regarding contracts, I guess we would say we viewed with alarm the administration's attempt in its bill to have contracts modified or cancelled because of alleged discrimination. We yelled against that provision so I think to be consistent, we should have a little problem with some other kind of a provision that would get into modifying contracts.

The CHAIRMAN. Of course, that's precisely the situation you would be in if we stayed with the present ADAP with respect to the administration's bill.

Mr. HOYT. Yes. We are concerned on both sides, yes.

The CHAIRMAN. Turning now to the subject of the discretionary fund, you stated that you don't agree with the melding of separate discretionary funds but then later you state that the present act ties up too much money in separate accounts. Can you expand for the committee how you would like to see the discretionary fund handled?

Mr. SOLOMON. Well, a single discretionary fund would give far too much power to the Secretary of Transportation. Allocating specific funds for specific purposes is far more desirable from our viewpoint in order to assure that funds will be available for those specific purposes that Congress sets forth. We think it's much better than to put too much money in one basket and allow the Secretary to disburse that money when something comes along that catches his fancy.

The CHAIRMAN. But that doesn't get at the second point. You state that the present act ties up too much money in separate accounts. So is there some intermediate position? How are we going to get at it?

Mr. HOYT. I think we had reference there to the enplanement accounts. Presently each air carrier airport that has boardings is guaranteed at least \$150,000 a year. Now that amount of money is a lot of money if you're not going to do anything and it's nothing if you plan to do something. So our reference to that was to cut out those separate accounts and yet assure those particular airports

over a 5-year period of a significant sum of money, to handle a major project.

Now with respect to the discretionary, combined discretionary, I think your legislation sort of clears that up anyway because we now have the commuters and the air carriers under commercial service. So that wipes out a separate commuter discretionary fund. There are now large sums of money for the reliever airports so really there need not be a special reliever discretionary fund. So that just leaves us with a general aviation discretionary fund and a commercial service airport discretionary fund.

The CHAIRMAN. What is AAAE's position on the proposal for a primary hub funding mechanism contained in S. 1581 and S. 1648?

Mr. HOYT. I think we took that position quite frankly because ACCENT did. Most of the people in there thought that system wouldn't work and from discussions that we have had I don't know if that is a good way to go into it or not. Money is not the problem in a lot of these communities. You could go in with a blank check and still not site a new airport or improve a current airport because of the public lack of acceptance of airports. So perhaps this money going to a hub would at least get the sponsoring airports together long enough to either decide they couldn't agree or agree on a particular project and go ahead with it. I guess we would say we don't feel too strongly opposed to that.

However, with the defederalization of those airports, the airport itself, the primary airport in that large hub would not be eligible for any development; is that correct?

The CHAIRMAN. That's correct. The NASAO witnesses yesterday testified that they feel the Washington representatives are the antagonists of expanding the State role in ADAP rather than the grassroots airports. Has AAAE ever polled its members on that state issue and, if so, what were your results?

Mr. SOLOMON. Yes, we have polled our members. We have members who are also members of NASAO. But by and large, the majority opinion of the membership of AAAE feels that the State role should be minimized. We do not object to States administering the program where they are capable of administering the program, but we have found that that is not true nor is it uniform in every State. State agencies have been delegated some specific roles, such as the inspection of airports in the State of Nevada, delegated to the Public Service Commission, and we wondered why! We certainly weren't asked for an opinion, but nevertheless, we had an inspector from the State Public Service Commission come to inspect our general aviation airports that we own and operate. We were very surprised; first of all, we had to teach them what an airport was.

The CHAIRMAN. You had to what?

Mr. SOLOMON. We had to teach them what an airport was.

The CHAIRMAN. Did you have to teach him also where it was?

Mr. SOLOMON. Yes, we did, practically. The majority opinion of our membership is that the States where they are capable and where they presently have operating capability could administer a program probably more efficiently, but we do not favor the enlargement of the States role.

The CHAIRMAN. Do you think if we mandated a cutback in FAA personnel and increased the States' role that that would be a proper move or do you feel that increasing the State role would simply be providing an on-the-job training program at your expense?

Mr. SOLOMON. I would have to agree with your latter comment in our particular instance, Senator. I don't think that we can afford to have an on-the-job training program.

The CHAIRMAN. Well, thank you very much, gentlemen, for your testimony. I hope you understand that we are critically questioning all witnesses to get the facts that we need for the record, but I certainly want to thank you for your constructive and useful testimony.

Mr. SOLOMON. Thank you, Senator Cannon.

The CHAIRMAN. Next we'll hear from Capt. John J. O'Donnell, president of the Air Line Pilots Association.

STATEMENT OF JOHN J. O'DONNELL, PRESIDENT, AIR LINE PILOTS ASSOCIATION; ACCOMPANIED BY JOHN O'BRIEN; JOE SCHWIND; AND CARL ECK

Mr. O'DONNELL. Thank you very much, Mr. Chairman.

As you know, I'm Capt. John O'Donnell, president of the Air Line Pilots Association, and ALPA represents the professional interests of more than 30,000 pilots employed by 31 airlines.

With me here this morning are John O'Brien, manager of engineering and operations for ALPA, Joe Schwind and Carl Eck of ALPA.

We appreciate very much the opportunity to testify at these hearings on legislation to renew the Airport and Airway Development Program. At the outset, Mr. Chairman, I want to commend you and Senators Packwood and Inouye for developing new approaches to correct the abuses and fiscal mismanagement that have occurred in the program under this and previous administrations. We also applaud your efforts to increase the funding for facilities and equipment.

In our view, the facilities and equipment portion of the Airport and Airway Development Program makes a vital contribution to aviation safety at major air carrier airports. Unfortunately, it contributes little to enhance safety at the small air carrier and the reliever airports because they often do not meet the narrowly-defined criteria for obtaining funding for their facilities and equipment needs. Consequently, these smaller airports have received most of their funding for facilities and equipment through the airport and airway development program—ADAP.

This situation is just one example of how the great promise of the Airport and Airway Development Act has not been fulfilled. For years, the airline pilots and many others in aviation have been increasingly frustrated by the inadequate efforts of several administrations to use all the available resources to enhance aviation safety and improve our Nation's airports and airways. Many real safety needs have not been satisfied, and the intention of Congress has not been fully carried out.

ALPA is encouraged by the significant increase in funding for the facilities and equipment account in S. 1648, which we believe

will improve the level of safety for the millions of Americans who fly each year. At the same time, however, we have reservations about the reductions in ADAP funding included in the bill. We are also concerned about how safety priorities will be established and improvements in safety paid for at the large and medium airports when they are no longer eligible for ADAP funding.

At the same time, a single piece of legislation cannot provide the entire solution. There must also be strong leadership and management at the Department of Transportation and the Federal Aviation Administration. There must be an unwavering commitment on the part of all of us to achieve the highest possible degree of safety in civil aviation.

Before I discuss other specifics of the legislation you are considering and the details of what we believe is needed to improve safety, I would like to make several general comments.

First, it should be clearly stated in any bill you report—as it is in the statement of policy in S. 1648—that safety will continue to have the highest priority in civil aviation.

Second, Congress, the executive branch, State and local governments and the diverse groups in aviation must cooperate and share responsibilities if we are to attain the highest level of safety.

Third, regardless of airport size or the number of passengers, all air carrier airports need certain facilities and equipment to attain the desired level of safety. This level requires that each air carrier runway have an instrument landing system, approach lights, a visual approach slope indicator, runway lights, markings and grooving, and be of adequate length. Today, sadly, most air carrier airports have serious deficiencies.

Fourth, the current and growing surplus in the Airport and Airway Trust Fund is probably more than enough to pay for all the safety needs we have identified. By the administration's own estimate, the uncommitted balance in the trust fund at the end of this month will be more than \$2½ billion.

Fifth, the needed facilities and equipment do not require the invention and development of new technology. In general, the needed equipment is commercially available and at reasonably well-known costs.

As you are well aware, Mr. Chairman, the vast majority of airline accidents occur within 5 miles of the airport, that is, during approach and landing or during takeoff.

With that in mind, it is shocking to us that only about a quarter of the runways used by the airlines have instrument landing systems—ILS—to provide precision guidance during the approach. We think it is obvious that each runway used by the airlines should have a precision guidance system. We realize it is not feasible to install in ILS on certain runways, but the development of the Microwave Landing System—MLS—makes it possible to provide precision guidance at all runways.

Similarly, less than a third of the runways used by air carriers in this country have approach lights, and about 800 runways, almost half the total used by the airlines, lack visual approach slope indicators. It is interesting to note that the National Transportation Safety Board has frequently recommended installation of more approach and landing aids to help prevent accidents.

It has been known for many years that grooving of runways helps keep aircraft from skidding and shortens the stopping distance in wet or freezing weather. Yet today only about a fifth of the air carrier runways are grooved.

As you know, ADAP funds have been used to groove runways. However, we believe that facilities and equipment funds also should be able to be spent on grooving runways, particularly in light of the intent of S. 1648 to make the large and medium airports ineligible for ADAP funds.

Our basic reservation about S. 1648 is whether both the small air carrier and reliever airports and the large and medium air carrier airports would be able to attain a higher level of safety under the provisions of this bill. We question whether the funding level of \$400 million beginning in fiscal year 1982 will be adequate for meeting the needed safety requirements of small airports with airline service.

Our concerns, Mr. Chairman, are based on the fact that these airports rely heavily on ADAP funds to meet their necessary safety requirements. Indeed, under S. 1648 these airports may receive even less funding than currently because of the increased emphasis on development of reliever airports.

Our initial reaction is that more funds should be authorized for ADAP. S. 1648 establishes maximum authorizations as well as minimum ones and they may well be too low. Another possibility would be for the Congress to alter the FAA criteria for facilities and equipment grants to make it easier for small air carrier airports and general aviation fields to qualify for these funds. Still another possibility is to increase the amount of discretionary facilities and equipment funds that each FAA regional director has available to meet unique requirements in his area. The discretionary funds described in section 8 of S. 1648, if actually spent, could fulfill this requirement.

We are concerned that not all of the safety needs of the large and medium airports will be met if these airports are removed from ADAP. Many of these airports still need such items as grooved runways, better overruns at the ends of runways and even taxiway lights. What assurance is there that the airports will establish proper priorities to use the money they receive after fiscal 1981?

We are aware of your statement, Mr. Chairman, when you introduced S. 1648 that negotiations between the airlines and the airport will provide responsible balance in airport development. But we are not sure that will be enough, and we are willing to work with the subcommittee in devising language in the bill to address this point.

ALPA supports the initial increase in funds authorized for facilities and equipment in S. 1648. Beginning in fiscal 1981, the amount almost doubles to \$400 million. The future increases of \$50 million annually, however, do not keep up with the current rate of inflation. This money is greatly needed, not only for facilities and equipment at air carrier airports, as I discussed earlier, but also at reliever and other general aviation airports. They, too, have serious unmet needs.

While we have long opposed using money from the trust fund to pay for FAA operations and maintenance, we believe the approach of S. 1648 on this point is far preferable than the wholesale raid on the trust fund advocated by the administration. Using the trust fund to pay for maintaining and checking equipment purchased earlier with trust fund money is certainly less objectionable than using fund monies to pay a major portion of the FAA's general expenses. The trust fund was established to enhance aviation safety and improve airports, not to fund FAA operating expenses.

ALPA is concerned about similar provisions in both S. 1648 and the administration bill that would allow block grants to qualifying States for two reasons. The first is that there is no system of priorities to serve airports with the greatest need for safety-related facilities, and the second is that FAA monitoring of design criteria and projects at both commercial and reliever airports would be greatly reduced.

We also call your attention to the provisions in the administration bill requiring determination of the noise impact in the airport area to establish compatible land uses. We believe these can be used to help provide better protection from noise to the airport's neighbors. In many instances, the land acquired could be used for runway overruns, which would provide a safety benefit as well.

Finally, we support the percentage of funding for airport projects contained in S. 1648. We believe it would be better to have the trust fund pay 90 percent of the project cost instead of just 80 percent. One of the quickest ways to obtain local assistance in airport development is to reduce local costs.

In conclusion, Mr. Chairman, we appreciate having this opportunity to comment on legislation to extend the airport and airway development program. We believe that some provisions of S. 1648 could lead to significant improvements in aviation safety. But we also have reservations about whether other provisions would result in enhancement of safety for the millions who fly. We are prepared to work with the subcommittee in developing legislation to provide the maximum opportunities for higher safety and growth in aviation.

That concludes my prepared statement, and I will be pleased to answer any questions.

The CHAIRMAN. Thank you very much, Captain O'Donnell. I certainly don't agree that S. 1648's basic thrust will compromise safety. I would remind you that under present ADAP law an airport could on its own initiative withdraw from the program, so we'd better not be relying on ADAP to police safety.

Now I'm wondering if you think such an airport would become unsafe because less than 10 percent of its financing is no longer provided by the government?

Mr. O'DONNELL. Mr. Chairman, I don't believe we said that the airports would become unsafe. Our major concern is that many of this Nation's airports—even the large- and medium-sized airports—do not have adequate safety facilities and equipment. The Airline Pilots Association has—been for the last 10 years that I personally know—been claiming what those needs are. This year, we have 437 airports where we operate high-performance jet aircraft. Those 437 airports have 1,600 runways, and of those, 1,130 do not have a

visual guidance system or an ILS. Many of those runways are at the large airports. What we are concerned about here is whether we will continue to get that type of equipment unless there is a federal involvement to some extent.

The CHAIRMAN. Of course, it does substantially increase its F. & E. funds and I'm very concerned about the safety issue as well, but I think your statistics there are a little misleading. You count every end of the runway as a runway. In other words, you may want an ILS on each end of a particular runway, but I don't say that I subscribe to that. Don't you count all of them in that?

Mr. O'DONNELL. Yes, sir. Any runway we are asked to make an approach to land on we say we need a precision glide scope. The NTSB has been using some of that information also, Senator. Most of the accidents occur in a nonprecision approach, as you well know.

The CHAIRMAN. Administrator Bond pointed out yesterday the airport safety and certification requirements would still hold if we do remove the airports from sharing in ADAP as is proposed here.

Mr. O'BRIEN. Yes, but also, Mr. Chairman, you're well aware that the FAA established the airport certification process and then turned around and exempted everything that we requested to be put in these airports. Every airport in this country where we have been fighting to get the highest level of safety has been exempted from the requirement under the airport certification legislation.

The CHAIRMAN. But ADAP didn't impinge on that in any way, did it? How did ADAP impinge there?

Mr. O'BRIEN. ADAP funds provide some of the necessary safety improvements that are not covered by F. & E. funds. For example, Captain O'Donnell mentioned runway grooving. We think that's a very important consideration in general airport safety. Currently, the only way you can get federal funds for runway grooving is through ADAP. So that would be one specific example of a concern that we would have if a major airport were eliminated from ADAP.

The CHAIRMAN. But you could get user funds for that purpose if ADAP is eliminated. As I pointed out earlier, ADAP is only paying about 10 percent on the average of what these airports are getting.

Mr. O'BRIEN. I agree with you. A good example of a situation that we have run into very recently is in San Francisco, where we want to try and get some runways grooved. Some local funds were committed. There was going to be an application made for ADAP funds. Because of some local politics, it was decided that the local funds would be spent on other projects, so the runway grooving project was dropped. We went to the airlines and suggested that maybe together we could go to the airport and get the grooving project reinstated. Unofficially we were not supported by the airlines because they felt if they approached the airport management the landing fees and their rents would be increased to pay for the grooving. This is the kind of thing we run up against.

Sure, there's a number of items that the airport management and the airlines can get together on. But unless they can find a direct return on their investment it's difficult to justify. Runway grooving is not one of the items that you find a direct return for your investment. It's a pure safety item, and the only intangible

investment you might get in return is the prevention of an accident.

The CHAIRMAN. Of course, you give us an example where they were eligible for ADAP and they still couldn't get the funds that they needed for the purpose that you described. So I don't think that's necessarily any argument for not removing some of these airports from the eligibility to receive ADAP funds. You say if we remove them, then they may not be able to get the funds to do these safety programs and you're using as an example a case where they were eligible for funds and still couldn't get the money to do it.

Mr. O'BRIEN. That's true. I'm one jump ahead on my examples. We can give you several major airports that have grooved their runways through the use of ADAP funds. With the removal of these funds, we wonder whether we wouldn't be faced with a situation like we were faced with in San Francisco.

The CHAIRMAN. You referred in your statement that negotiations between airlines and airports will provide a reasonable, responsible guidance in airport development and expressed doubt that this will be enough. Considering the relatively small financial role that ADAP has played in the larger airports, why do you have a source of doubt?

Mr. O'DONNELL. Senator, I think our main concern is that we have sat here since 1970, when the first airport and airway bill was passed, and we recall the intent of Congress was to establish the highest level of safety. We saw the airlines, the State aviation people and the airport owners and operators start pushing for increased capacity. We have noticed over the years that the FAA has changed its tune a little bit. The statements refer too frequently to capacity increases rather than safety increases.

Our concern is that if we can't get all these safety provisions today when 10 percent of that money is provided by the ticket tax, how are we going to get it when none is provided? Our concern is also that we have not been able to get the FAA or the Department of Transportation to press the local authorities to undertake those programs. We have a list of the things we have been trying for years to achieve that will increase the level of safety. These are needs that would cost approximately \$1 billion. That doesn't provide all the runway grooves, but all the radars and the VASI's—all of those things are \$1 billion. Yesterday, Mr. Chairman, in your opening statement, you said at the end of this fiscal year we're going to have a \$3 billion surplus.

The CHAIRMAN. All of these things you're describing are out of F. & E. funds and not out of ADAP. I have been concerned about these items as you know over the years, but you make a number of statements about safety and adequacies of the runways you term shocking. Now FAA assures us that while not everybody's individual desire has been met, the system is efficient and safe. I hope you're not saying that the system even with ADAP is unsafe and that your member pilots are flying into unsafe airports. You wouldn't want the public to believe that, would you?

Mr. O'DONNELL. Mr. Chairman, we have testified many times before you that we have probably the best and safest transportation mode in the world. But you say in section 2 of your bill that

the objective of Congress the highest priority continue to be aviation safety. We are saying that is not the highest priority within the FAA.

The CHAIRMAN. Well, I must say that I'm inclined to agree with you that the administration generally has not given us the levels of funding that we had hoped would be available and that accounts for the fact that we have such a big surplus in that trust fund. It's just that they were not willing to spend at higher levels consistent with the things we have been trying to accomplish.

Mr. O'DONNELL. I think, Mr. Chairman, the reason is that they were hoping you would go away and I would go away and then they would get their grubby hands on that \$3 billion and spend it on some other purposes.

The CHAIRMAN. I'll tell you, it's going to be a pretty cold winter before they do.

Mr. O'DONNELL. I hope your health stays as good as mine, Senator, because they are trying to outwait us.

The CHAIRMAN. Now regarding your comments on small air carrier and reliever airports funding for 1982, I point out that the general aviation reliever and small air carrier airports received in the neighborhood of \$340 million in fiscal year 1979. So we have increased the funding for these categories in S. 1648. However, your concern here is certainly legitimate and I'm open to adjusting that figure upward somewhat and I'm wondering if you have any specific suggestions.

Mr. O'BRIEN. The money levels that are allocated in the 5-year period, we feel, could be increased anywhere from 15 to 20 percent to fulfill the requirements that we have identified at the smaller air carrier airports. We know that the ADAP funds we are talking about here do not fulfill all of the specific items. For example, an ILS, might come out of F. & E. or might come out of ADAP, depending on the local condition. Unless we have an increase in the ADAP funding level would take care of the small air carrier airports, we cannot see the safety requirements being fulfilled at these airports.

The CHAIRMAN. So based on what you have said there, you are suggesting that we go from \$400 million to \$480 million? You said about 20 percent.

Mr. O'BRIEN. That's right.

Mr. O'DONNELL. Mr. Chairman, when we testified 4 or 5 years ago, we had roughly 555 airports that we operated into. This year, according to our calculations, the airlines we represent are operating into 437 airports. The other 100 or so airports are probably served by the commuters or even classified as very small airline type of operations. Those airports still require more ILS's approach lighting and runway grooves, and I think we should be increasing that.

The CHAIRMAN. Now considering the States have done a commendable job in managing other transportation programs and that the larger airports would not receive Government assistance and that Federal safety regulations would remain, why do you object to the small increase in State involvement proposed in S. 1648?

Mr. O'DONNELL. We have had difficulty with the Federal Government for the last 10 years in trying to obtain the type of safety

equipment we want around the country. We would find ourselves facing 50 State agencies instead of just 1 Federal agency. We think we are having difficulty with one agency, and what is the problem going to be if we have 50 agencies? They are not as sophisticated as the Federal Government is.

The CHAIRMAN. Every time this committee tries to let the marketplace allocate financial resources rather than the Government, then we leave the health, safety, and welfare-type regulations with the Government, ALPA objects that the marketplace will do harm to the system's safety. I point out from what information we have that Aeroflot has a rather unenviable safety record compared to our airlines and it's about as far away from the marketplace under the heavy hand of Government controls as an airline can get. I'm wondering just what type of an economic regulatory system ALPA would like to see.

Mr. O'DONNELL. I had nothing to do with you asking that question, but Aeroflot uses four pilots on all their flights, two pilots, a navigator, and a radio operator.

The CHAIRMAN. I'm going to have to disagree with you because I visited the Paris Air Show and Aeroflot's biggest airplane was there which is about comparable with the 747, and I talked with the test pilot and the chief pilot and I visited in the cabin and asked him what these seats were for and he told me and I said where's your third pilot's seat? He said, "We don't carry a third pilot. That is an American innovation."

Mr. O'DONNELL. He had four seats up there. He had two pilots, a navigator and a radio operator, who's also a pilot and a KGB agent to make sure no Russians defect. The Russian airline pilots can speak fluent English, but they are not allowed to. They have to go through an interpreter to make sure what they say is handled properly. I won't say they stole the design of the YC-14, but they have an aircraft that's just like the Boeing aircraft, which has a two-man crew. The Russians' is a three-man aircraft.

The Russians don't have the best safety record. In fact, you can't find out how many accidents occurred. Several years ago we lost a couple of DC-8's over there, and we got up a safety group to find out what was causing it. Our task force arrived in Moscow, and we weren't allowed to even go out and inspect their airports. We found out their runways were breaking down and the airplanes were being beaten to death. I don't like to compare our safety record to Russia's. I would like to compare ours with Australia's which probably has the highest safety level of any country in the world.

The CHAIRMAN. Thank you very much, gentlemen, for being here with us.

Mr. O'DONNELL. Thank you very much, Mr. Chairman.

The CHAIRMAN. Next we will hear from John L. Baker, president, Aircraft Owners and Pilots Association. I guess instead of Mr. Baker it's Mr. Robert Monroe.

STATEMENT OF ROBERT E. MONROE, VICE PRESIDENT, POLICY AND FEDERAL LEGISLATION, AIRCRAFT OWNERS & PILOTS ASSOCIATION

Mr. MONROE. Thank you, Mr. Chairman. Mr. Baker sends his apologies. Unfortunately, his bosses are meeting in Philadelphia and they felt that was more important.

I'm Robert D. Monroe, vice president, Policy and Federal Legislation, for the Aircraft Owners and Pilots Association which is authorized to represent the interests of more than 240,000 members who employ private aircraft for business and personal purposes.

Our members account for the ownership of about 70 percent of the aircraft in the U.S. civil fleet and 80 percent of the hours flown in U.S. civil aviation. Hence, they have a strong and abiding interest in the Nation's airport and airway system and how that system is composed, developed, operated, and supported.

Therefore, I greatly appreciate this opportunity to discuss their concerns with you as your committee undertakes consideration of legislation to provide further improvements and remedy some of the deficiencies of the airport and airway system.

We have reviewed the bills before you—S. 1581 and S. 1648—as well as the related bills—S. 1582 and S. 1649—referred to the Committee on Finance. We strongly believe that some modifications are needed.

I will deal with these matters more or less in the order in which they appear in the bills and conclude with some comments on the financing aspects which, while not formally before your committee, are essential to an understanding of our views on the program.

DECLARATION OF POLICY

We believe the act should be administered so as to provide adequate navigation aids and airport facilities at all public use airports—not just those receiving scheduled commercial air service.

We agree that certain large airports need no longer remain eligible for aid.

DEFINITIONS

We would leave unchanged most of the definitions in S. 1648.

We would modify airport system planning so as to allow rather than encourage continuous planning. It has been our experience that planning often takes on a life of its own that goes far beyond the real need.

We strongly recommend that the definition of sponsor be expanded to include individuals or corporations. The objective is to secure the provision of public-use airports in places where they are needed. If private parties are willing to assist in obtaining this objective, they should be allowed and encouraged to do so. We have been unable to find any valid argument against private sponsorship. The practice should be no less desirable than that of aiding private corporations to provide transportation to the public.

NATIONAL AIRPORT SYSTEM PLAN—NASP

We think the NASP should be eliminated. It has turned out to be a means of limiting airport development rather than stimulating it. Moreover, we think that all public-use airports other than those certain large airports should be eligible for aid and that there should be far more public-use airports than are now available.

In reality, there is no such thing as a public-use airport that is only of local interest simply because the ocean of air provides a direct connection with every other airport. Such an airport is likely to be used by air travelers from all directions of the compass and points far beyond local and State boundaries.

GOVERNMENT AIRPORTS

We applaud the provision encouraging civil use of military airports. We only urge that that encouragement be made more forceful, possibly in report language, and extended to focus attention on early establishment of joint use, particularly at those airports where the military air activity is likely to be terminated. That would help to eliminate or reduce the problems of public acceptance encountered in converting military airports to civil use when the base is closed.

We also urge you to add a provision that would encourage the National Park Service, Forest Service, and similar agencies to make provision for air access to their extensive recreational resources. The provision of such facilities, particularly if limited to small aircraft, would be less destructive and pervasive than those provided for automobiles. Correlatively, we think the exemption provided in section 18(c) of S. 1648 should be eliminated or greatly modified.

AIRPORT-AIRWAY DEVELOPMENT

We urge that the funding levels for airport development—ADAP—in section 6 of the bill be increased by the amounts which now are allocated to Operations and Maintenance—O. & M.—in section 7(d), but urge that the funding levels for facilities and equipment—F. & E.—and research, engineering, and development—R.E. & D.—in section 7 (a) and (b) be reduced to approximately their present levels. We would prefer flat annual amounts of \$275 million for F. & E. and \$75 million for R.E. & D.

This treatment would leave nothing for O. & M. Quite frankly, Mr. Chairman, we do have strong philosophical objections to funding FAA operations and maintenance costs from the trust fund. We think these costs should be funded entirely from general revenues as an evidence of the public interest in and support for the continued safe operation of the airport and airway system. Most other Government programs are maintained by this means. Moreover, the record is quite clear that, but for the establishment of the capital development program in Public Law 91-258, the trust fund and its supporting user taxes would not have come into being. We strongly urge that the agreements under which the trust fund and its taxes were established be maintained.

STATE PARTICIPATION

We prefer the provisions of H.R. 1648 as they relate to State participation in ADAP administration. However, we do note the wide variations in State interest and capacity to undertake airport development which make a uniform program applicable to all States impossible.

We do favor the establishment of development standards attuned to local conditions and able to take advantage of locally presented opportunities. However, this can be accomplished by suitable delegations to regionally or locally stationed FAA airport officials as well as by State officials.

FEDERAL SHARE

We strongly favor set Federal shares rather than flexible ones characterized by "up to" or "not to exceed" phrases. The airport sponsor has enough problems already in generating support at the local level. We believe he should be relieved of the necessity to develop support for a project of indeterminate local cost due to uncertainty as to the actual amount of federal aid to be received.

ENFORCEMENT

The administration bill contains—sections 25, 26, 27—enforcement provisions which we strongly support and urge you to add to whatever bill is reported. These provisions are aimed primarily at assuring that sponsors do in fact adhere to their assurances to maintain the airport available for public use on fair and reasonable terms and without unjust discrimination. This has been and still is a significant problem in various locations. It is likely to become more of a problem as deregulation impacts develop. Moreover, if the large airports are to be dropped from the program, the FAA will no longer have the leverage of denying future grants to help assure compliance. We think the FAA and the aggrieved parties need and deserve the powers and rights that would be conveyed by these provisions.

Additionally, we believe there should be enacted into the law a separate provision guaranteeing equal access on fair and reasonable terms and without unjust discrimination applying indefinitely to any airport on which federal funds have ever been expended for either airport aid or facilities and equipment.

FINANCING

We see no good or compelling reason to extend the trust fund and user taxes for longer periods than the program. On the other hand, extending them for the same 5-year period would automatically provide another opportunity for further refinement and modification as justified.

We support the proposal in S. 1649 to reduce the passenger ticket tax from 8 percent to 2 percent.

We are strongly opposed to converting the fuel tax on general aviation from 7 cents per gallon to either 6 percent or 10 percent of the sales price. At present-day prices, either would result in an

increase in cost and we do not favor giving the Government a vested interest in continued inflation.

We seek elimination of the aircraft use tax on general aviation aircraft and in exchange would accept a 1 cent per gallon increase in the fuel tax. Such a change would neither raise nor lower general aviation's tax contribution but it would eliminate a troublesome separate tax return that gives our people and the IRS many problems.

We are strongly opposed to creation of a 6-percent sales tax on new general aviation aircraft and avionics as proposed by the administration and are happy to conclude by applauding you for omitting it from S. 1649.

We appreciate your consideration of these views. I am ready for any questions you may have.

The CHAIRMAN. Well, thank you very much, Mr. Monroe.

I'm pleased to note your basic support of our concept of removing large airports from the program and reducing the ticket tax.

You say certain large airports need no longer remain eligible for aid. Do you agree with the way that we have accomplished that goal in S. 1648?

Mr. MONROE. I think the answer to that question is yes. I suppose that this innovative approach might even be carried a little further if the mail from our members which I read is representative, and I have some reason to think it is. I suspect that they might go an even further distance in deregulation, wiping out the program, the trust fund, and the user taxes. So that the approach which you have taken does respond to the fact that those airports to be eliminated have received so far the lion's share of the money which has been developed through these programs in past years and therefore it's time to concentrate some attention to those, shall we say, lesser developed airports.

The CHAIRMAN. You recommend eliminating the NASP. I agree that leaves much to be desired, but I doubt we could even get an accurate guess on how much an airport expects to undertake several years down the road. How has the NASP had the effect of limiting airport development and what would be used in its place to estimate future system's needs?

Mr. MONROE. I think, Mr. Chairman, the answer to that is that we use the applications to determine what might be needed on public use airports. The NASP by being limited to certain types of airports or to airports in certain locations meeting certain criteria established by the FAA has effectively cut out from even making an application a great many airports and, of course, even with the funding allowed many of those which did apply and did so on repeated occasions were left out. So I think that there is a fairly simple way to survey certainly the State aeronautics groups where there are those who could provide that kind of information. Certainly the airport managers associations could provide that kind of information if it is limited to the public use airports.

The CHAIRMAN. Of course, if we limit it based on the applications, that's not giving us a very good projection of what the airport expects to undertake several years down the road. It might cover next year and the year following, but—

Mr. MONROE. Well, I think, Mr. Chairman, we finance in relatively short terms. We certainly have a pretty good idea at the present time of what our needs are going to be for the next 5 years. We have studies made by the FAA and by various associations looking to what are the needs reaching out to the year 2000. We have the Transportation Policy Commission study which has done something along these lines. There are other means of getting at it without providing this particular mechanism for making those kinds of estimates.

The CHAIRMAN. When it comes to O. & M., I think there's good justification for users and taxpayers sharing costs of operating the airway system since they both share the benefits of that system. The users obviously benefit directly from the operation of the airway system, so why should we eliminate any charge on the user?

Mr. MONROE. Simply because, generally speaking, the use of earmarked funds is not good government financing policy. The establishment of the trust fund with its earmarked funds was established primarily for the purpose of an accelerated development program in airports and airways. If that accelerated program has been accomplished or until it is accomplished, then all the resources developed by those earmarked funds ought to be devoted to that purpose and the continuing operation of system should still be funded by the general taxpayer of which we as users are also a part.

The CHAIRMAN. Well, having gone through that exercise over a number of years now in this particular area, I must say that I don't think that's very realistic actually. You favor no increase in general aviation's contribution to the trust fund, yet the FAA's cost allocation study shows that general aviation's contributions are far below their share of the allocated costs in comparison with the airlines contribution to meeting their allocated cost. I'd like to ask you if you agree with the figures in that study and why shouldn't general aviation be required to pick up a larger share of their allocated costs?

Mr. MONROE. One, we do disagree with the figures in that study. We even disagree with the approach made in that study which bases the allocation on use because the expenditure of funds—the accumulation of the box of capital development and operations fund is a result of the meeting of particular needs, mostly those expressed not by general aviation but expressed by the Government itself, either in the form of the FAA, or the Defense Department, or by the air carriers and those interested in that kind of service.

Now we think it ought to be based on cost responsibility.

The CHAIRMAN. You're not suggesting by that that we ought to have lesser of a system than we have; are you?

Mr. MONROE. No; I'm not suggesting that we ought to have lesser of a system. I am suggesting that the reassignment of cost accountability and responsibility ought to be based on in whose behalf or at whose request those components were established and paid for.

The CHAIRMAN. Well, suppose they were established at the request of Congress because they saw a need. I can't agree with that philosophy at all. They were not established at the behest of the

military necessarily or of air transport aviation necessarily or general aviation necessarily. In most instances they were developed as a result of trying to establish a national air transportation system and I think if you start looking at who made the request, that's a case of whose ox is being gored, you know, going back to that kind of philosophy.

Mr. MONROE. Mr. Chairman, this is one area where I'm afraid we have to disagree with you. The locations of towers, the nature of the VORTAC system—the VORTAC system is probably a classic example of what I'm saying. The original VOR-DME program was succeeded by the VORTAC program. The VORTAC program increased capital costs, operations and maintenance costs by two thirds—by three times, or tripled. Now that kind of a thing came out of a military requirement.

Now I'm not saying that meeting military requirements is not to be done. What I'm saying is that general aviation or civil aviation should not be credited with the cost of meeting those requirements, and the same sort of a pattern weaves through the rest of the system.

The CHAIRMAN. Your're not suggesting we'd have an entry fee for each particular category of users, then, based on the type of facilities they would require and charge them accordingly?

I don't see how you could work out any reasonable allocation of costs on that kind of a basis.

Mr. MONROE. The only reason we get into this entire cost allocation problem is that what we are dealing with earmarked funds in a trust fund.

Before we ever had a trust fund, before we ever had use of it, we did not have cost allocation in this area.

The CHAIRMAN. Of course, it was paid for out of the general tax revenues, and that was why it had to be changed. The system was getting very expensive to maintain, to keep up. And there had to be some other system devised using the necessary funds.

And so that's when the cost allocation came about and the users charges, to help give us the best air transportation network in the world, and to give us a means to fund it.

But you've got to go further than that to convince me that that study is not valuable for the purpose it was intended. I can't buy that idea of that, that you should look at it from the standpoint of who made the particular request.

I think those requests were all made in the context of trying to get a better system. Now, I must say that I've been a supporter of general aviation to be sure that they have not gone up proportionately to—in accordance with the results of that study because I think that it would be rather unreasonable, certainly at this point in time.

But I don't think that that necessarily refutes the objectivity or the validity of the study itself.

Mr. MONROE. Well, I think the objectivity of the study and the validity of the study depend upon the assumptions which you make about why the system exists and who it's primarily intended to serve, and who is to be selectively charged to pay for it.

And it just seems to us that in no way, based on any pattern of use, would it be possible for general aviation not be saddled with

the major share of it because—what the heck—we've got 98 percent of the aircraft. We carry on the highest percentage of operations, the flight hours; but the components of that system were not established for us.

Had there been nothing on the aviation scene except general aviation for the last 40 or 50 years, we would not have the kind of an aviation airport and airway system that we have now.

That system evolved from responding to quite legitimate needs, and to allocate the cost to general aviation on the basis of costs which were accumulated to respond to these is, it seems to me, equally unrealistic and unfair.

THE CHAIRMAN. Well, I can see that you and I—it depends on one's point of view from where you sit, I suppose.

Thank you very much for being here, Mr. Monroe.

MR. MONROE. Thank you, Mr. Chairman.

THE CHAIRMAN. Next we'll hear from Edward W. Stimpson, president, General Aviation Manufacturers Association.

STATEMENT OF EDWARD W. STIMPSON, PRESIDENT, GENERAL AVIATION MANUFACTURERS ASSOCIATION; ACCOMPANIED BY STEPHEN VARSANO, MANAGER, SYSTEM OPERATION

MR. STIMPSON. Thank you, Mr. Chairman. On my left is Stephen Varsano, who is manager of system operations for our association. We appreciate the opportunity today to testify, and with your permission, I'd like to hit some of the high spots of my testimony.

THE CHAIRMAN. All right.

MR. STIMPSON. When you look back over the last 10 years since the original ADAP bill, considerable growth has occurred in the general aviation industry.

The general aviation fleet has grown 60 percent, from 130,000 aircraft to 200,000. The number of hours flown has increased 56 percent, from 25 to 39 million hours annually. In 1970, the industry delivered 7,300 airplanes. This figure was surpassed in the first 5 months of this year.

This year we expect to deliver 17,500 to 18,000 new aircraft at \$2.1 billion. The sophistication of these aircraft has also increased. A larger percentage of the fleet is being delivered with instrument capabilities, and practically all new aircraft are equipped with transponders.

There is an increasing trend toward pressurization; 20 percent of the new single-engine aircraft are now turbocharged, which allows better fuel efficiency and higher speeds at higher altitudes.

So far this year, shipments of multiengine piston and turboprop aircraft are up by 20 percent, and jets by 25 percent.

The Airline Deregulation Act of 1978 has proven to be a considerable benefit to the general aviation industry. The growth of the commuter airline industry encouraged by the new law has placed unprecedented demands for new aircraft. In addition, more and more businesses are finding that their own aircraft are indispensable business tools to travel to locations which are often difficult to reach by the scheduled airlines.

RELIEVER AIRPORT PROGRAM

The single most important need of the U.S. air transportation system today is to expand airport capacity and increase safety, particularly in metropolitan areas.

It is in those areas where there is the most demand for air services, both air carrier and general aviation, and where airport capacities are most limited. The incredible fact is that only five new reliever airports have been constructed since 1970, and this is a strong indictment to the present reliever program.

In simple terms, I think you would term the current reliever airport program a failure.

In addition, the definition of reliever airport, we believe, is too restrictive. What is needed is airport capacity relief for a metropolitan area, rather than being limited to the narrow purpose of relieving congestion at primary airports only.

The FAA has invented the term "satellite airport" to fill the need of those airports which are beyond the normal scope of the reliever, which will improve safety and efficiency in a metropolitan area, whether or not a specific, definable airport reliever role is designated.

The current funding level for reliever airport is \$15 million per year, and that is woefully inadequate. Since ADAP's inception in 1970 to May of this year, 100 reliever airports have received a total of just over \$150.6 million.

The aviation industry joined together last year to survey the needs of general aviation in the top 30 metropolitan hub areas. This survey identified \$250 million of need that could be identified right now.

Now, in this, of course, was some F. & E. improvement, but basically it was for new airports, acquiring existing private airports, and other airport improvement.

These needs were only for the 30 hub areas. Because of the inflationary costs of construction and materials, this figure next year could well be over \$300 million.

Now, we urge the Congress to mandate an accelerated reliever airport program over the next 5 years. Frankly, we do not think that S. 1648 goes far enough, since it authorizes only \$30 million per year. The industry group and GAMA recommend a minimum of \$70 million per year be specifically authorized for relievers.

Money alone, we recognize, will not build reliever airports. Environmental considerations, local political situations, all those factors are involved; however, a major Federal emphasis on the reliever airport program and insured adequate funding for the first time would certainly be positive factors in meeting this priority requirement.

GENERAL AVIATION AIRPORTS

Currently, there are 490 requests for \$255.7 million pending before FAA with only 65 million available. This demand is far exceeding available funds.

Obviously, many communities that have counted on trust fund moneys for the development of general aviation have been unable to meet their growth requirements.

Most of these communities are in rural and less populated areas, and general aviation provides their only air transportation link.

The industry proposal calls for \$80 million annually for general aviation airports. We strongly support this recommendation.

PRIVATE AIRPORTS

Many private airports serve an important transportation role, particularly in metropolitan areas. The loss of these airports will severely impact capacity and safety. S. 1648 addresses the problem for the first time in any Federal legislation by providing aid to private reliever airports that plan an essential role in the air transportation system.

We suggest that the eligibility be broadened to include any airport in or near a metropolitan area served by a primary airport or which plays an essential role in air transportation.

We recognize that safeguards must be established to protect this investment paid by the airway users.

JOINT USE AIRPORTS

Another good feature in S. 1648 is that section four reaffirms the requirement that—to the extent feasible, military airports should be available for civilian use.

FAA is currently conducting a review of military airfields which could be adaptable for joint use.

Frankly, this is something in the last 10 years where not very much progress has been accomplished. Many of these military airfields, particularly those in major metropolitan areas, would contribute significantly to resolving capacity problems, current and anticipated, at major hubs.

We, therefore, urge the Congress mandate a program of joint use by directing that DOD/FAA submit to the Congress within 6 months a report identifying specific military airports to be made available for civil use.

TRUST FUND SURPLUS

We wholeheartedly agree to the objective of 1648 to reduce the trust fund surplus by utilizing it for aviation purposes. It has been a flagrant violation of the intended purpose of the trust fund that these surpluses have not been used to increase airport capacity and install safety equipment.

In short, the good faith intended in the original legislation has been broken, and the trust fund has become the pawn of the unified budget.

FUNDING LEVELS

Our association is in basic agreement with the funding levels presented in the industry statement for fiscal year 1981. In many instances, these are quite similar to the provisions of S. 1648.

PROJECT SHARE

S. 1648 calls for 90 percent of allowable project costs.

We think this percentage is essential for development and construction of new airports and increasing capacity and safety at existing airports, again, particularly those in metropolitan areas.

TAX LEVELS

General aviation is willing to pay reasonable and fair user charges for modernization, expansion and operation of the airport-airways systems. Taxes on general aviation should not be increased, at least until the trust fund surplus is used up. There is little point in increasing taxes when you have a \$3.2 billion surplus.

If Congress increases general aviation taxes due to inflation or for other reasons, we would recommend a step increase at a specific amount when the surplus is drawn down. I think this can only be determined after the nature of the program and the program levels are set.

The set amount, rather than a percentage would be more equitable, since the price of aviation fuel differs widely throughout the country. At the present time, aviation fuel is ranging from about a low of \$1 a gallon to a high of about \$1.40.

I understand that at La Guardia Airport jet fuel is now \$1.44 per gallon, and 100 octane is \$1.51 per gallon. If you take 6 percent of that, it would equate to about a 9-cent tax.

Since fuel is increasing at a much higher inflationary rate than the rest of the economy, a percentage increase would be an unfair measure.

S. 1649 substantially reduces the airline ticket tax and allows for capital improvement programs to be funded through negotiation and charges at the local level. We are greatly concerned about the potential impact of fees and charges of general aviation at the larger and medium hub airports which are defederalized. General aviation could pay substantial new charges at the local level.

If this should be the case, consideration, perhaps, should be given to the whole Federal tax structure, including maybe even lowering the taxes.

In addition, we would recommend that the current Federal use on civil aircraft not be renewed. This tax involves excessive paperwork and complicated reporting from the aircraft owner each year.

I don't know whether you've seen the form recently. Form 4638 each year has to be filled out by the aircraft owner. If he buys an airplane, in June he fills this out. He puts the \$25 plus so many pounds for over 2,500 times 0.0016666666. And then he has to renew this again on July 1.

This is onerous paperwork and does not bring in a large adequate amount of money. It brings about \$30 million, both between airlines and general aviation, a year.

S. 1649 takes a very positive step in eliminating the administration's proposal for a new 6-percent excise tax on new aviation aircraft and avionics. Enactment of this proposal would be retrogressive at a time when most excise taxes are being eliminated.

If enacted, the administration proposal would have a very detrimental impact on the general aviation marketplace. It would not in any way be related to use in the system. For example, a plane that

flew 10 hours a year would pay the same as one that flew 1,000 hours. That is patently unfair.

DEFEDERALIZATION

The proposal to defederalize the large and medium hubs is a unique and innovative idea. There is no question that there is unnecessary redtape associated with the distribution of the trust fund moneys, and any effort to reduce bureaucratic requirements and expedite project development should be applauded.

We are concerned with the curtailed access to major hubs which would not be conducive to continued growth of general aviation. We are hopeful that in the course of finalizing the future of the ADAP program and defederalization that our ability to use, generally, all airports in the country would be retained.

One other aspect of defederalization, particularly as it applies to the medium hubs that concerns us is their ability to fund capital improvements to accommodate increased traffic brought about by aircarrier deregulation. The fact that these airports will be able to meet the demands of increased traffic volume through local revenue arrangements and without Federal support, is a matter which needs careful consideration.

Perhaps, the objective of defederalization would be better served if the medium hubs were weaned away from Federal funding over a period of years to coincide with the growth expectations of deregulation.

The large hubs could more easily make the transition to local funding with little or no disruption to their development programs, whereas medium hubs could be brought into the program at a later date.

In other words, we are urging sufficient flexibility in the timing of defederalization to assure that the users of the system are not arbitrarily and adversely affected.

In summary, to meet the needs of reliever airports we recommend a sum of at least \$70 million a year. We recommend a general aviation airport program of \$80 million be established. The uncommitted trust fund surplus which will reach \$3 billion by the end of fiscal year 1980 should be utilized for capacity and safety purposes.

Congress should direct and support FAA efforts for increased joint use of military bases. Provision should be made for private airports. General aviation taxes should not be raised until the trust fund surplus is used up, and future program levels are determined. The airport development program should be streamlined to cut out unnecessary regulation and redtape.

We would be pleased to answer any questions of the committee, and congratulate the chairman on directing the thinking of the aviation community to a very stimulating and innovative bill.

The CHAIRMAN. Thank you very much, Mr. Stimpson.

You cite the study which you conducted on reliever needs that identifies \$250 million over the next 5 years. You note that inflation could take that figure up to \$300 million.

Yet the ACCENT proposal from the group that you belong to would require a minimum of \$350 million over 5 years. Now, it's

my understanding that you agreed with the administration that some of the projects listed in your study are not likely to be filled because of complications beyond the availability of money, which would make the need less than your study would indicate.

How did ACCENT arrive at the minimum figure of \$350 million?

Mr. STIMPSON. Well, this was arrived at looking at the hub study, basically, plus inflationary costs, plus trying to take a reasonable figure—that all groups could support the \$70 million per year seemed to be an attainable figure.

And that was justified on the basis of need. It was not overkill, but at the same time was one that would start up a substantial reliever program which we don't have now.

I think also yesterday we heard testimony from the NASAO that they saw \$40 million a year just for the purchase of private airports. That would take well over half of the reliever fund, the \$70 million.

The CHAIRMAN. In your testimony you state that S. 1648 only authorizes \$30 million a year; however, the \$30 million is a minimum amount, with greater needs to be funded at the discretion of the Secretary.

Don't you believe that we should allow the secretary to use greater judgment about the system's highest priority and needs?

Mr. STIMPSON. I don't disagree with that need to have greater flexibility in the system, whatsoever. I think, however, from past experience, we have been shown that the minimums become maximums, and we are not at all sanguine about that fact.

If there's a way we could target a substantial figure—and as far as discretionary funds we could get more flexibility, this is important too. But I think experience has shown we are pretty leary of the minimums here.

The CHAIRMAN. I note that GAMA is not supporting the primary hub mechanism in S. 1581 and 1648. As you know, there are reliever problems in a number of large metropolitan areas which can't be solved with money alone, as you recognize.

The theory of the primary hub system is that we can encourage some cooperation among all the governmental units in the metropolitan area by offering Federal money if they can cooperate on one project.

If not, the money would return to the discretionary fund. I would also point out that the formula in S. 1648 would generate over \$90 million for this program the first year, which is more than you're requesting as a reliever minimum.

Now, why don't you support that provision?

Mr. STIMPSON. Frankly, we've had a hard time trying to figure out how this would actually work. It sounds pretty good, except when you start breaking it down. You have a reliever airport in a metropolitan area. It means everybody has got to agree on that proposal to proceed before the project goes ahead.

I think we've had a hard time understanding some of the practicalities of it. In theory, I think it's a good idea that you have more regional planning, but we haven't been convinced that it's a practical solution.

The CHAIRMAN. The administration stated that general aviation only pays for 14 to 25 percent of its allocated costs while air

carriers pay for 93 percent of their allocated costs for operating the airport/airways systems. Are those figures correct, and if so, why should not general aviation pick up a larger share of its own allocated costs?

Mr. STIMPSON. You know, we've had a great deal of debate over the past few years on the lost allocation study, and I don't know what's right and what's wrong as far as numbers are concerned.

Recent editions of the cost allocation study, are much improved over what we saw 5 and 6 years ago where we were told we had to pay 57 cents per gallon fuel tax. I think the recent edition has come a long way.

The basic premise where we perhaps disagree with the cost allocation study is on the theory of public benefit. We do not think the public benefit factor has been assigned the proper perspective, I think that the airlines agree with us on this also.

Now, whether we are paying 7 cents or whatever, I am somewhat at a loss to say what is right. I think we are paying about the right amount. I think you can also argue this at great length.

I think it's a question of fairness and equity in this as well as what any cost allocation study shows.

We pay that 7 cent per gallon tax, the registration fee—that was a new tax essentially in 1970. It was based on equity, what Congress felt was a fair tax at that time. So I don't know whether we're paying our right share or not, Senator.

The CHAIRMAN. What is the total dollar figure now that general aviation has contributed through the fuel tax and the registration fee?

Mr. STIMPSON. We're putting about \$115 million into the trust fund—I believe the figure is for next year. So it's gone up each year because our flying hours and number of aircraft have increased. On the State level, we contribute about \$147 million in State and local taxes. On the Federal side, I think it's about \$115 million.

The CHAIRMAN. AOPA has called for the elimination of the airport registration tax and suggested it might be replaced with an additional 1 cent per gallon fuel tax increase.

What is your opinion of the suggestion that we offset the revenue from the registration tax by an appropriate increase in the fuel tax?

Mr. STIMPSON. I think that is a good suggestion. I think it would be about a washout. My understanding is the registration fee is going to generate about \$30 million a year, splitting between the airlines, general aviation. An additional 1 cent fuel tax would bring in about \$10 or \$11 million.

So it would be close to a washout, give or take a couple of million.

The CHAIRMAN. It would probably require a little more than 1 cent, I imagine, to make an equal washout. But it probably would be a little fairer application, would it not?

Mr. STIMPSON. I think so. Plus, the paperwork burden of this thing is a very cumbersome. If you've got more than one airplane, you have got to list them all. It certainly, I think, would be less cost on the part of the Federal Government, to collect a fuel tax than trying to keep track of everybody's airplane.

The CHAIRMAN. I must say, I'm inclined to agree with you there. Senator KASSEBAUM?

Senator KASSEBAUM. Mr. Chairman, I'm sorry to be late. I was in another committee meeting. But I did read through the testimony of Mr. Stimpson last night and would like to just ask a couple of questions.

One has been touched on earlier, and that's the \$70 million annual for relievers. I would like to know what you believe is the justification for that increase in expenditures for the relievers.

Mr. STIMPSON. Our primary justification is based on a study which was done by the industry, all the general aviation groups plus ATA earlier this year, in which we surveyed 30 metropolitan area hub airports.

This list was put together by where the airlines were experiencing delay problems. And we looked at those airports plus all the large hub airports. We surveyed these areas as teams and derived a need of 250 million.

And based on this—that was really the major factor behind establishing a figure of \$70 million. You've got to look at a total of the other GA programs, as well as the reliever programs.

Senator KASSEBAUM. Thank you.

Mr. STIMPSON. And this survey, I might add, covered 30 hub areas. It didn't cover medium and small hubs at all.

Senator KASSEBAUM. Just the large. So it didn't touch ASA ones such as Kansas.

Mr. STIMPSON. No.

Senator KASSEBAUM. What do you think is the best approach for retaining private/public use airports?

Mr. STIMPSON. I think the preferable approach is to use ADAP funds and have the airports purchased as public entities. I think this is by far the preferable approach. I think the \$70 million figure would allow this to happen. Airports like—the one primary example is the Caldwell Wright Airport in New Jersey. That airport was about to be lost.

The local bodies got together and formed an airport authority, got ADAP funds at the 90-percent level. The 90-percent level, I understand, was key to retaining that airport.

A new local airport authority was created. This airport has now close to 500 planes.

Senator KASSEBAUM. Like a loan guarantee.

Mr. STIMPSON. A little bit.

Senator KASSEBAUM. Well, yes, I can see—more than this, I think it's a question of one having to determine how it is qualified for assistance.

In your statement you refer to the joint use of military airfields. Do you have any further explanation of this relieving airport capacity problems?

Mr. STIMPSON. You mean in addition to joint use?

Senator KASSEBAUM. Yes.

Mr. STIMPSON. I think the main one, of course, is to have joint use lessen used airports particularly before some of these military airports become surplus.

In the San Francisco Bay area, we have Hamilton Air Force base now which is surplus. Nobody is using it. And it's too bad this isn't

an airport for civil aviation. It would greatly help the capacity. Many times the airport when an airport becomes surplus, and the decision isn't made what's going to happen to it afterward.

So many of these airports are in major metropolitan areas. Glenview outside Chicago, Willow Grove in Philadelphia; there are quite a few of them.

Senator KASSEBAUM. One final question: I said yesterday in my statement for the record that I would oppose the 6-percent tax for general aviation avionics. At this time I would question the need to increase the need of general aviation fuel tax.

Now, you've just said—and I would somewhat agree with Senator Cannon, I guess—that you feel this could be—you would agree to that increase in lieu of the registration fee.

But I would also like for the benefit of the record on this legislation to hear you elaborate on your ideas as to how the step increases rather than a fixed amount for fuel tax is preferable.

Mr. STIMPSON. As I pointed out, aviation fuel is about \$1.50 per gallon in some spots around the country. If you're looking at a percentage tax of 6 percent, it would automatically be a 9-cent fuel tax immediately.

We don't know what's going to happen to the cost of fuel, since it's inflating at such a rapid rate. I think the point I was going to make to Senator Cannon was somewhat like back in 1970 when the first ADAP program was established.

This is the program and this is what you're going to get and how we're going to raise the level of taxes to support it. Now, I'm not advocating new taxes on general aviation, or what would be reasonable here. Our first priority is to determine our program needs make sure we get the facilities that we need to have in the future.

And I'd much rather see, if we are going to get new taxes in the future, we that apply an 8- or 9-cent set rate rather than going to just a percentage increase or fuel because you don't know what that is going to amount to 2 and 3 years from now.

So I certainly appreciate your views on the excise tax, and I wholeheartedly agree with them.

Senator KASSEBAUM. I have some parochial interest. Thank you very much.

The CHAIRMAN. Thank you very much for your testimony.

Mr. STIMPSON. Thank you.

[The statement follows:]

STATEMENT OF EDWARD W. STIMPSON, PRESIDENT, GENERAL AVIATION
MANUFACTURERS ASSOCIATION

I am Edward W. Stimpson, President of the General Aviation Manufacturers Association. Our Association represents 37 companies who manufacture practically all of the general aviation aircraft, and the engines, avionics, pilot supplies and component parts, which are used on those aircraft.

We appreciate the opportunity to appear before the Subcommittee on reauthorization of the Airport and Airway Development Act. The action taken by this Subcommittee and the Congress on this legislation is vital to the future of the aviation industry, including general aviation.

For the last few months, a number of aviation organizations have worked closely on recommendations for increasing the capacity and safety of the airport/airway system. We are in general agreement and support the recommendations of the ACCENT Group which was presented earlier. We have also given considerable thought to the innovative ideas and goals of S-1648 which strikes at many of the

problems which have been experienced with the current legislation over the past 10 years.

What is general aviation?

General aviation, which is defined as all civil aviation other than the large scheduled air carriers, is vital to the nation's economy and touches every segment of American life in some beneficial way.

General aviation may also be described as over 800,000 pilots flying 200,000 aircraft to and from over 14,000 airports. It complements the excellent airline system of the U.S. by transporting over 110,000,000 intercity passengers annually. Although most of these flights use airports without airline service at one, or often both ends of their flights, one-third of all business flights into major metropolitan airports connect with a scheduled airline flight.

In short, general aviation—which includes commuter services, air taxis, business and personal aircraft—expands the benefits of air transportation from the 380 some airports served by the scheduled airliner to the nearly 18,000 communities served by general aviation. Many of these airports are in rural areas of the country and general aviation is the only form of air transportation.

General aviation is an industry that employs over 300,000 people in manufacturing, sales, flight departments, maintenance and other related services. There are over 5,000 local and independent business involved in general aviation, nationwide.

General aviation also contributes significantly to the U.S. balance of payments. Historically, one-fourth of the total general aviation production is exported, with the result that 90 percent of the world's general aviation fleet has been manufactured in the United States.

Growth of general aviation

Since the ADAP bill was enacted nearly 10 years ago, considerable growth has occurred in the general aviation industry.

The general aviation fleet has grown 60 percent from 130,000 aircraft to 200,000.

The number of hours flown has increased 56 percent from 25 million to 39 million hours annually.

The number of corporations using business airplanes among the Fortune 1000 has grown to 524, an increase over 25 percent. Additionally, thousands of small businesses have purchased their own aircraft.

In 1970, the industry delivered 7,300 aircraft. This figure was surpassed in the first five months of 1979.

Last year, almost 18,000 new aircraft totaling \$1.78 billion were delivered by manufacturers. This year, manufacturers expect to deliver approximately the same number of new aircraft with a shipment value exceeding \$2.1 billion. The sophistication of these aircraft is increasing also. A larger percentage of the fleet is being delivered with instrument capabilities and practically all new aircraft are equipped with transponders.

There is an increasing trend toward pressurization. 20 percent of new single engine aircraft are now turboprop, which allows better fuel efficiency and higher speeds at higher altitudes. In addition, the numbers of higher performance aircraft are increasing as a percentage of the total fleet. So far this year, shipments of multiengine piston and turboprop aircraft are up by 20 percent, and jets by 25 percent.

In the next 10 years, FAA is forecasting that the general aviation fleet will increase an additional 55 percent, to over 300 thousand aircraft. It is anticipated that there will be over a million active pilots. Flying hours are anticipated to increase by 58 percent.

The Airline Deregulation Act of 1978 has proven to be of considerable benefit to the general aviation manufacturers. The growth of the commuter airline industry, encouraged by the new law, is placing unprecedented demands for new aircraft. In addition, more and more businesses are finding that their own aircraft are indispensable "Business Tools" to travel to locations which are often difficult to reach by the scheduled airlines. In the past 10 years, 120 points of service have been dropped by the certificated airlines, many of which had no service replacing it. The CAB currently has on file notices from certificated airlines requesting to discontinue service to 130 additional points.

Consequently, business aviation and the scheduled airlines form an important interconnecting link, since general aviation provides service to all of these points.

Reliever airports program

The single most important need of the U.S. air transportation system today is to expand airport capacity and increase safety, particularly in and near densely popu-

lated areas. It is in those areas that there is the most demand for air services, both air carrier and general aviation, and airport capacities are most limited. It is in those areas that competition for land for other uses is most acute and airport growth has been virtually stopped. The incredible fact that only five new reliever airports have been constructed since 1970 is a strong indictment of this phase of the present reliever program. In simple terms, it is a failure.

The definition of "reliever airport" is too restrictive. What is needed is airport capacity relief for a metropolitan area rather than being limited to the narrow purpose of relieving congestion at primary airports only. The FAA has invented the term "Satellite Airport" to fill the need to designate those airports which will improve safety and efficiency in a metropolitan area whether or not a specific definable primary airport reliever role is designated.

We suggest consideration of a definition of reliever airport, such as: "Any airport, public or private, that adds to airport capacity in or near any metropolitan area which is served by a primary airport." Also, every effort should be made to retain and improve existing airports in those areas, since the most available real estate is that now being used for airport purposes. The current funding level for reliever airports of \$15 million per year, is woefully inadequate! Since ADAP's inception in 1970, through May of this year, 100 reliever airports have received a total of just \$115.6 million.

The aviation industry joined together last year to survey the needs of general aviation in the top 30 metropolitan hub areas. This survey identifies \$250 million that is needed now; including \$142 million for airport improvements, \$22 million for facilities and equipment, and \$84 million for building new airports and acquiring existing private airports. These are the needs only at 30 hub areas. Because of inflationary increases in costs of construction and materials, the \$250 million figure which was developed early this year could be well over \$300 million by next year. The new satellite airport program recently released by the FAA is a constructive and positive step. However, this is just a start on the established needs which must be met.

We urge Congress to mandate an accelerated reliever airport program over the next five years. Frankly, we do not think that S-1648 goes far enough, since it authorizes only \$30 million per year. The industry group and GAMA recommends that a minimum of \$70 million per year be specifically authorized for relievers.

We agree that reliever development should come from discretionary funds. However, the use of the proposed formula of \$.50 cents for each passenger enplaned appears to be unduly complicated and there is some question as to whether it would raise sufficient monies.

Money alone will not build reliever airports. Environmental considerations, local political situations and other factors are involved. However, major federal emphasis on a reliever airport program and insured adequate funding for the first time will certainly be positive factors in meeting this priority requirement.

General aviation airports

Since 1970, 930 general aviation airports have received just \$314.1 million.

Currently, there are 490 requests for \$255.7 million pending before FAA, with only \$65 million available. The demand is far exceeding available funds. Obviously, many communities that have counted on Trust Fund monies for the development of general aviation have been unable to meet their growth requirements. Most of these communities are in rural and less populated areas and general aviation provides their only air transportation link.

The industry proposal calls for \$80 million annually for general aviation airports. We strongly support this recommendation.

S-1648 considerably expands the state role through a block grant program. We see no particular justification for changing the current federal government/local sponsor relationship. Many states currently have a "channeling act" through which they receive airport funds. This works well in many instances. While S-1648 provides a number of safeguards and requirements for state agencies, there is no question that the state role is considerably expanded. To establish a duplicative program at the state level could increase government involvement and state taxes in the general aviation airport program.

Private airports

According to the FAA publication "Potential Closure of Airports" dated January 1978, 40 percent of the owners of 293 important privately-owned airports surveyed expected to close their airports within ten years. The majority of reasons for the expected closing are financial; such as high cost of capital improvements, maintenance, and high property taxes.

Many private airports serve an important transportation role, particularly in metropolitan areas. The loss of these airports will severely impact capacity and safety. S-1648 addresses the problem by affording aid to private reliever airports that play an essential role in the air transportation system, and this is a good step. We suggest that the eligibility be broadened to include any private airport in or near a metropolitan area served by a primary airport, or which plays an essential role in air transportation. We recognize that safeguards must be established to protect this investment paid for by airway users.

Joint use airports

Section 12 of the airport and Airway Development Act requires that the Department of Defense shall make military airports and airport facilities available for civil use. Section 4 of S-1648 reaffirms this requirement. The FAA is currently conducting a review of military airfields which could be adaptable to joint use. In 1971 a survey conducted by the Aviation Advisory Commission, in conjunction with other organizations, identified 70 such military airfields. The Department of Defense, in response to the AAC report, indicated that 41 of the 70 had possible joint use potential. That was almost 10 years ago; and frankly there hasn't been a great deal accomplished in joint use since.

The use of military airfields, particularly those near major metropolitan areas, by civil aircraft, would contribute significantly to resolving capacity problems, current and anticipated, at major hubs. We, therefore, urge that Congress mandate a program of joint-use by directing that a DOD/FAA panel submit to the Congress, within six months, a report identifying specific military airfields to be made available for civil use. The report should also include the costs involved, where appropriate. The accessibility of military airfields to the users of the air transportation system would be, in our judgment, a beneficial action in terms of safety, economics and energy efficiency at minimal cost.

Trust fund surplus

By the end of Fiscal Year 1980, the Trust Fund will have an uncommitted surplus of approximately \$3.2 billion. We wholeheartedly agree with the objectives of S-1648 to reduce this Trust Fund surplus by utilizing it for aviation purposes.

It has been a flagrant violation of the intended purpose of the Trust Fund that these surpluses have not been used to increase airport capacity and install safety equipment. Huge unmet needs exist in airport construction with a backlog approximating \$1 billion. Only 35 of the 147 reliever airports currently have instrument landing systems. In short, the good faith intended in the original legislation has been broken, and the Trust Fund has become a "pawn" of the unified budget.

Funding levels

Our Association is in basic agreement with the funding levels presented in the industry statement for FY 1981. Obviously, these would be adjusted for inflationary increases. In many instances, these are similar to those in S-1648, and are as follows:

ADAP programs:	
Commercial service airports.....	725
Enplanements—380	
Discretionary—345	
Other than commercial service airports.....	80
Reliever airports.....	70
ADAP total	875
Federal programs:	
Facilities and equipment	400
Research and development.....	85
Operations and maintenance.....	350
Delay/capacity/land banking	45
Federal programs total.....	880
Total.....	1,775

Project share

S-1648 calls for 90 percent of allowable project costs. We think this percentage is essential for development and construction of new airports and increasing capacity and safety at existing airports, particularly those in metropolitan areas.

Tax levels

General aviation is willing to pay reasonable and fair user charges for modernization, expansion and operation of the airport/airway system. Taxes on general aviation should not be increased at least until the Trust Fund surplus is used up. There is little point in increasing taxes when there is a surplus approaching \$3.2 billion in the Trust Fund.

S-1649 recommends the replacement of the 7 cent fuel tax by a 6 percent tax on aviation fuel. If the 6 percent tax were used in most instances, there would be a small tax increase at the present time.

If Congress increases general aviation taxes due to inflation, we would recommend a step increase at a specific amount when the surplus is drawn down. This should be determined after the nature of the program and the levels are set. A set amount rather than a percentage would be more equitable since the price of aviation fuel differs widely throughout the country. At the present time, aviation fuel is ranging from a low of about \$1.00 per gallon to a high of \$1.40. Since fuel is increasing at a much higher inflationary rate than the rest of the economy, a percentage increase would be an unfair measure.

S-1649 substantially reduces the airline ticket tax and allows for capital improvement programs to be funded through negotiation and charges at the local level. We are greatly concerned about the potential impact of fees and charges on general aviation at the large and medium hub airports, which are defederalized. General aviation could face substantial new charges on the local level. If this should be the case, consideration should also be given to reducing Federal general aviation taxes.

In addition, we would recommend that the current federal use tax on civil aircraft not be renewed. This tax involves excessive paperwork, and complicated reporting from the aircraft owner each year. It brings in about \$30 million a year from both the air carrier and general aviation.

S-1649 takes a very positive step in eliminating the Administration's proposal for a new 6 percent excise tax on new general aviation aircraft and avionics. The enactment of this proposal would be retrogressive at a time when most excise taxes are being eliminated. If enacted, the Administration proposal would have a very detrimental impact on the general aviation marketplace. It would not be related to use in the system. For example, a plane that flew 10 hours a year would pay the same as one that flew 1,000 hours. This is patently unfair.

Defederalization

The proposal to "defederalize" the major and medium hubs is a unique and innovative idea. There is no question that there is unnecessary red tape associated with the distribution of the Trust Fund monies, and any effort to reduce bureaucratic requirements and expedite project development should be applauded.

We are concerned with the potential of curtailed access to major hubs—either by excessive charges or exigencies of airport capacity which would not be conducive to the continued growth of general aviation. We consider ourselves a full partner in the airway and airport system and expect to be treated fairly and equitably in the use of the system. It is not clear what assurances will be legislated, or that can be legislated, to facilitate the traditional and, indeed, essential, general aviation access to those airports to longer under federal funding commitments. We are hopeful that in the course of finalizing the future ADAP program, our concerns will be resolved and a viable warranty for general aviation to be able to use all airports in the country on a reasonable basis will be retained.

One other aspect of defederalization, particularly as it applies to the medium hubs, that concerns us, is their ability to fund capital improvements to accommodate the increased traffic brought about by air carrier deregulation. As you know, many medium hubs are enjoying substantial increases of emplanements since deregulation was introduced. How these airports will be able to meet the demands of increased traffic volume through local revenue producing arrangements and without federal support is a matter which needs careful consideration. Perhaps the objective of defederalization would best be served if the medium hubs were weaned away from federal funding over a period of years to coincide with the growth expectations of deregulation.

The large hubs could more easily make the transition to local funding with little or no disruption to their development programs, whereas, the medium hubs, could be brought into the program at a later date. In other words, there ought to be sufficient flexibility in the timing of defederalization to assure that the users of the system are not arbitrarily and adversely affected.

SUMMARY

In the last 10 years, the U.S. general aviation fleet has grown by more than 60 percent to approximately 200,000 aircraft with 14,000 new general aviation aircraft being added this year. Within the next 10 years, it is forecasted that the general aviation fleet will grow to over 300,000 aircraft.

The Airport/Airway Development Act, passed by Congress in 1970 and amended in 1976, is basically sound legislation. However, the administration of the Trust Fund has allowed the accumulation of huge surpluses, when there is a desperate need for additional capacity and safety items. This has been a major failure in the administration of the Act. To meet the growing needs of general aviation, we recommended:

1. A reliever airport program of at least \$70 million per year. Currently, only \$15 million a year is authorized. This would help prevent another San Diego type tragedy.

2. A general aviation airport program of \$80 million a year be established.

3. The uncommitted Trust Fund surplus, which will reach over \$3 billion by the end of FY 1980, should be utilized for capacity and safety purposes. The priority of expenditures should be for increased airport capacity including new airports and safety items, such as instrument landing systems, navigational aids, modernization of the Flight Service Stations, etc.

4. Congress should direct and support FAA efforts toward increased joint use of military bases.

5. Provision should be made to assist private airports which serve as an important link in the national air transportation system.

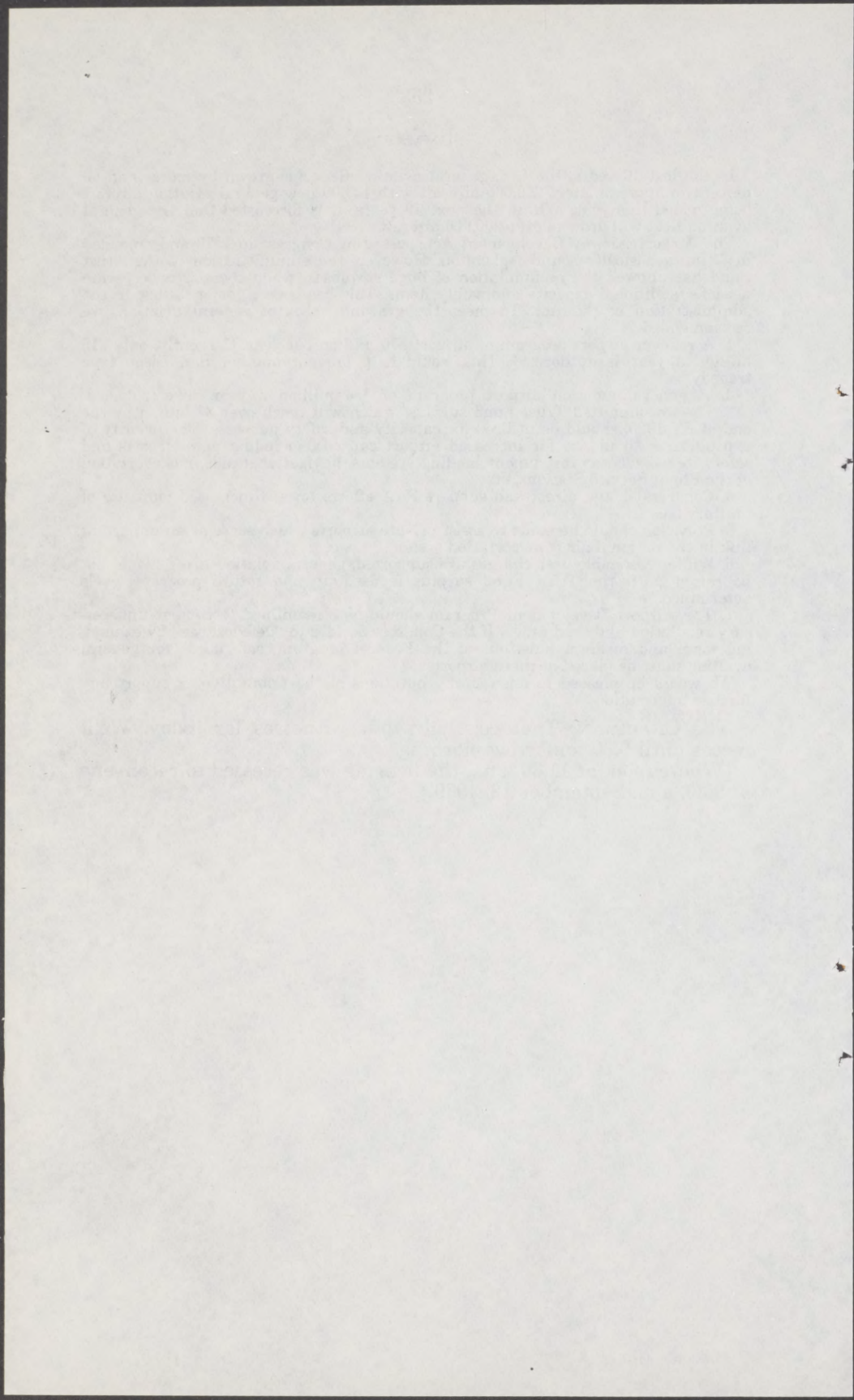
6. While reasonable user charges are supported, general aviation taxes should not be raised until the Trust Fund surplus is used up and future program levels determined.

7. The Airport Development Program should be streamlined to cut out unnecessary regulation and "red tape." If the Congress decides to "defederalize" by exempting large and medium hubs out of the Federal program, safeguards for general aviation must be placed at these airports.

We would be pleased to answer any questions of the Committee or supply any further information.

The CHAIRMAN. That concludes our witnesses for today. We'll recess until 9:30 tomorrow morning.

[Whereupon, at 11:30 a.m., the hearing was recessed to reconvene at 9:30, a.m. September 12, 1979.]



AIRPORT AND AIRWAYS SYSTEM DEVELOPMENT ACT OF 1979

WEDNESDAY, SEPTEMBER 12, 1979

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
SUBCOMMITTEE ON AVIATION,
Washington, D.C.

The committee met at 9:30 a.m., in room 235, Russell Senate Office Building, Hon. Howard W. Cannon (chairman of the committee) presiding.

The CHAIRMAN. The hearings will come to order.

We will start off today with Mr. Donald Reilly, executive vice president, Airport Operators Council International.

STATEMENT OF DONALD REILLY, EXECUTIVE VICE PRESIDENT, AIRPORT OPERATORS COUNCIL INTERNATIONAL, INC.; ACCOMPANIED BY GEORGE BEAN, DIRECTOR OF AVIATION, HILLSBOROUGH COUNTY, TAMPA, FLA.; C. B. PATTARINI, DIRECTOR OF AVIATION, PORT AUTHORITY, NEW YORK/NEW JERSEY; AND J. J. CORBETT, VICE PRESIDENT, GOVERNMENT AFFAIRS, AIRPORT OPERATORS COUNCIL INTERNATIONAL, INC.

Mr. REILLY. Good morning, Mr. Chairman.

The CHAIRMAN. Good morning, Don.

Mr. REILLY. I'd like to introduce the other participants with me. On my immediate right is Mr. George Bean, director of aviation, Hillsborough County, Tampa, Fla. On my left is Mr. C. B. Pattarini, director of aviation, Port Authority for New York and New Jersey; and next to him is Mr. J. J. Corbett, vice president, Government Affairs, AOCI.

Mr. Chairman, during our testimony this morning we would like to present briefly first the joint views of large and small AOCI members on both S. 1581 and S. 1648, and then to devote the remaining minutes to discuss the evolving views of the sponsors of the largest 72 airports concerning the concept in S. 1648 to remove them from eligibility for Federal financial assistance after fiscal year 1981.

The AOCI membership believes that, in direct measure because of your efforts, Mr. Chairman, the aviation trust fund concept for funding F. & E., R. & D., airports O. & M., has worked exceedingly well through the decade to provide a steady, dependable stream for both runway and airway safety and capacity. We must, though, address the unreasonable buildup of a \$3 billion surplus. We urge that the trust fund be extended, after addressing this surplus prob-

lem, through 1980. Its mechanism of imposing Federal excise taxes now totaling \$1.5 billion annually on system users and making about 75 percent of that readily available for concrete and airway black boxes has provided the day-to-day financial stability in the system that neither the wide annual swings of the airline industry's profit level nor each administration's annual budget maneuvers would otherwise guarantee.

Now within the trust fund, the airport development aid program of grants to public airport sponsors primarily for priority safety projects historically has accounted for about 40 percent of total trust fund expenditures, but has operated under at least two chronic limitations.

First, even though Federal revenue has come into the aviation trust fund faster than expected during the last 9 years because of traffic growth and rising passenger fares, the level of expenditures for ADAP grants has not kept pace with system demand so that each year a greater dollar proportion of airport projects is undertaken without Federal aid. The fiscal year 1980 ADAP program of \$600 million really buys little more capacity or safety than did its fiscal year 1971 authorization of \$280 million.

Second, Federal statutory, regulatory, and uniquely bureaucratic claims on the sponsoring community's airport staff have increased just as Federal financial aid proportionately is declining.

While there are some features of the administration proposal, S. 1581, with which AOCI members can wholeheartedly agree: (1) Extension of trust fund for 10 years; (2) reauthorization of capital programs for 5 years; (3) increases in funding levels, particularly for reliever and commuter airports; (4) continuation of the existing formula for allocating funds to airports with scheduled service; (5) new definitions to reflect the changing environment following the Airline Deregulation Act; and (6) limited eligibility for privately owned reliever airports to receive financial aid; the Senate bill, S. 1648, addresses those issues as well or better.

Beyond these topics on which there is already a general consensus, we little further of particular merit in the administration's bill as compared with the Senate bill except for its continuation of ADAP eligibility for any large or medium hub airport which does not voluntarily opt out of that program. We will not dwell on the perceived flaws of the administration proposal here but merely conclude that it just is not acceptable to airport sponsors. S. 1648 or a similar vehicle should, in AOCI's view, be the basis for committee consideration and substantive amendment.

AOCI endorses and incorporates by reference here the common positions of the major aviation associations as presented earlier to you by John Winant, chairman of the ACCENT organization, and hopes that ACCENT joint views on the numerous minor but still important language issues raised by S. 1648 can be presented to you in legislative form within a matter of days.

We are pleased that the industry groups could agree on a set of fiscal year 1981 funding levels which we have projected out through 1985—attachment A. These totals while close to those in S. 1648, are far less than can be justified by the FAA's own national airport system plan—NASP. That FAA document makes a compel-

ling case for a \$7.4 billion ADAP program over the next 5 years, or \$1.2 billion annually in ADAP funding.

In contrast, the ACCENT groups do not support the administration's proposal to increase trust fund expenditures for FAA operating expenses by some 700 percent while allowing authorizations for the capital programs to just match today's inflation rate.

We hope the subcommittee will particularly note that all of these major segments of the aviation industry are opposed to those provisions of the administration bill, and S. 1648, which would turn over federally generated trust fund revenues to State agencies for their redistribution. While any State has the right to require that Federal funds returned to a community through the apportionment formula must be channeled through the State agency, AOCI members remain opposed to any provision—as in both pending bills—which would eliminate apportionments from eligible air carrier airport sponsors and allow State agencies to redistribute these moneys to other communities. We share the concern of the other user groups that an additional and costly layer of bureaucracy could be generated by these provision.

Unfortunately, under S. 1648 a sizable number of airport sponsors whose operations are important to the national system would have their annual apportionments eliminated and a lesser \$150,000 annual amount made available to them only from discretionary funds. We believe S. 1648 should be amended to retain apportionments for all smaller airports receiving scheduled service but to allow these apportionments to be exchanged for higher minimum amounts from the Secretary's discretionary funds. This compromise would serve the dual purpose of protecting sponsors against loss of apportionment amounts and assuring that ADAP funds are being used currently.

Somewhat connected, our members are concerned that the proposal for a single combined discretionary fund—included in both S. 1581 and S. 1648—could result in too much discretion in the administering agency. To the extent that Congress does not agree to mandate the distribution of ADAP funds through State agencies as proposed in S. 1581, the FAA could easily achieve the same end by using funds in the combined discretionary fund to increase grant moneys going through State channels and thus to reduce its direct flow of funds to individual airport sponsors. We believe Congress should simply apportion available discretionary funds to commercial service airports and to other than commercial service airports and thus resolve this issue without further delegation.

As suggested earlier, S. 1648 creates new complexity in the categorization of air carrier and commuter airports beyond what is needed in response to airline deregulation. Airports above 0.25 percent of total enplanements would be made ADAP ineligible; airports less than 0.02 percent but more than 0.001 percent would get no apportionment but only the probability of \$750,000 in discretionary grants within the 5-year authorization period. Air carrier or commuter airports below 0.01 percent enplanements would be particularly exposed to pressures for State administration and would get no Federal guarantee at all. We urge that formula apportionments simply be made to all commercial service airports—down to 2,500 passenger enplanements—so that the other

new and unneeded categories of airports can be eliminated in redrafting.

Finally, like the ACCENT testimony, we believe the new act should strongly favor the creation of new airport system capacity by establishing a higher Federal share—90 percent—for new capacity items and by directing the Secretary of Transportation to give priority of discretionary funding to such projects.

We feel that the remaining and the toughest question raised by S. 1648 is whether the 72 or so largest airline airports, enplaning about 700,000 passengers or more annually, should be removed from ADAP eligibility after fiscal year 1981. The idea has great appeal to most of the large hub sponsors and to some of the medium hub communities. We've already noted that the redtape that comes with each successive ADAP grant is greater and the relative importance of the ADAP contribution to the community is becoming less, at least for the larger airports where the airlines want to expand service under deregulation.

Under the defederalization proposal of S. 1648, the airlines would be merely urged to renegotiate long-term contracts with airport sponsors so as to substitute airline funds for the lost ADAP funds and the Federal passenger ticket tax would be reduced to help the consumer and/or airlines.

Mr. Chairman, we've questioned, queried, surveyed, and polled these airports continuously since your bill was introduced some 30 days ago in an effort to try to find the mechanism by which airports could be assured that a replacement for the ADAP revenues would really be generated from the airlines, for the short haul as well as part of a continuing program. The conclusion it seems is that it simply can't happen under most of the existing airport/airline contracts and that is the crucial issue.

As we have discussed with you before, the vast majority of affected airports—all of which we represent except for three medium hub airports which we've also informally polled—are unwilling to lose the leverage with the airlines that the ADAP funding source represents unless the community sponsor has restored to it the ability, recognized by the Supreme Court in the *Evansville* case but later preempted by Congress, to impose a modest, nondiscriminatory, airline-collected passenger facility charge on those passengers in interstate commerce which use the airport facilities.

If we understand the comments coming in from the sponsors of large and medium airports, there is a real concern that the airlines just won't make up for the loss of ADAP and that unless the community is allowed to generate its own revenue sources the public interest could suffer.

We won't spend time here debating whether collecting such a charge would be cumbersome or a burden on the airlines. If the airlines favored the idea the logistic problems would vanish overnight. Nor would we deny that one major city stretched the Supreme Court ruling regarding the head tax. Language along the lines of attachment C should preclude any abuse.

Well, why not an airport-imposed charge on the passenger? The CAB has been pressing airports to reduce their reliance on long-term contracts with incumbent airlines and to advance finance the construction of gate space for future airlines. The bond market

reaffirms that the viability of a community's debt offering is increasingly judged by forecasted passenger traffic levels. To rely on passenger flow would be totally consistent with airline deregulation.

Every airport has different contractual reasons for its hesitancy to agree to have no independent source of capital funding except through the airlines. Mr. Pattarini and Mr. Bean will discuss this concern very briefly and a possible alternative.

In sum, Mr. Chairman, the great majority of larger airport sponsors would like to get out from under the heavy and expensive burdens which accompany ADAP funds. You have touched a responsive chord. However, without their having access to a source of assured capital funding which, like ADAP, is not controlled by airline profit and loss statements, by existing long-term contracts, by majority-of-interest provisions in airline contracts, et cetera, virtually all of these sponsors would reluctantly urge their Senators to retain their ADAP eligibility for some additional time.

We hope that during the AOCI annual meeting in October—the first opportunity for many of these sponsors to discuss jointly the prospects and fears which surround your proposal—their views and AOCI's position can be clarified.

If your committee must go to markup before mid-October, we would urge that you try out your concept on a voluntary basis for all airports. Surely if a larger airport can negotiate a substitute for the ADAP funds, it would be very pleased to opt out of the program if the Federal chains and their connected costs were also severable. This issue, too, is not yet defined and resolved.

Mr. Chairman, that ends our formal statement. At this time I would like for Mr. Pattarini to give a very short statement on contracts.

[The attachments referred to follow:]

ATTACHMENT A.—AVIATION TRUST FUND AUTHORIZATION LEVELS

[In millions of dollars]

	ACCENT proposal, AOCI minimum amounts				
	1981	1982	1983	1984	1985
ADAP programs:					
Commercial service airports	725	770	830	885	955
Enplanements—380					
Discretionary—345					
Other than commercial service airports	80	85	90	100	105
Relievers	70	75	80	85	90
ADAP total	875	930	1,000	1,070	1,150
Other trust fund programs:					
Facilities and equipment	400	430	460	490	525
Research and development	85	91	97	105	110
Delay/capacity/land banking	45	45	45	45	45
Operations and maintenance	350	375	400	430	460
Total	1,755	1,871	2,002	2,140	2,290

ATTACHMENT B

AOIC ADDITION TO S. 1648, AIRPORT AND AIRWAY SYSTEM DEVELOPMENT ACT OF 1979

SEC.—Charges on persons traveling in air commerce.

(a) Notwithstanding the provisions of section 1113(a) of the Federal Aviation Act of 1958 and any provisions of contracts previously entered into by airport sponsors which are contrary to or inconsistent with this section, a State (or political subdivision thereof), the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the District of Columbia, a territory or possession of the United States, or a political agency of two or more States which operates an airport described in sections 23(a) or 23(b) of this Act is not prohibited from levying a passenger facility charge on passenger enplanements at that airport and from requiring that all airlines serving the airport collect that charge from all revenue passengers at the time and location the passenger fare is collected. Such a charge shall not constitute an undue burden on interstate commerce if the charge meets the following conditions:

(1) the method and procedure for collection of the charge is reasonable and designed to impose the minimum burden on the passenger consistent with the efficient collection of the charge;

(2) no charge may be imposed which exceeds \$2 per passenger enplanement and no additional charge may be imposed for any deplanement;

(3) proceeds of the charge (less reasonable costs of collection) shall be periodically remitted to the airport sponsor and shall be available only for costs of projects directly attributable to the operation or improvement of the airport, or its environmental compatibility with its environs, or to retire existing or future indebtedness incurred for airport development at an airport described in sections 23(a) or 23(b); and

(4) the charge may be imposed only after consultation with the users of the airport;

(b) Any airline required by this section to collect a passenger facility charge may apply to the district court of the United States for the district wherein the airport sponsor imposing the charge is located for the enforcement of the above conditions and for a judicial determination as to the reasonableness of any charge; and such court shall have jurisdiction to enforce obedience thereto by a writ of injunction or other process, mandatory or otherwise.

Mr. PATTARINI. Good morning, Mr. Chairman.

May I direct your attention to one of our principal concerns with the new proposals relating to the suggested treatment of our airline leases. It is a fact that airports are or try to be self-supporting. One of the basic supports of the funds that are received for the use of the airport in in the form of long-term leases would be air carriers. Such leases are a major basis for the willingness of the investment community to underwrite obligations of the major airport operators.

All these agreements are the result of hard core negotiations between airport operators and the carriers. The carriers do not and cannot be expected to merely acquiesce when the airport operator is in need of additional funds and to agree to supply the funds.

It has been suggested that large and medium hubs be removed from the ADAP program and instead that they obtain the needed capital funding from the carriers. Realizing that the carriers holding leases would obviously insist on the continued validity of their lease, it has been proposed that an attempt be made to legislate it away for the airport operator to avoid the legal effect of this contract and thus somehow to allow him to coerce the airline into advancing additional funds.

I have been advised that there are serious constitutional and other legal objections to any such legislation. Certainly it must be anticipated that there would be protracted litigation before the issue was settled. This means a matter of years, and in the interim no additional funds would be available.

The uncertainties would drive away the investors. The end result would be that there would be no improvement in the major airports of the Nation to the detriment of all concerned.

An additional thrust of the legislative proposals appear to be a plan to permit the Secretary to compel airport operators to abrogate their leases with the air carriers to permit the entry of new carriers. To implement this purpose it is proposed not only to permit the Secretary to act, but also to grant any person who feels aggrieved by the actions of the airport operator regarding entry the right to seek injunctive relief. Such legislation, if enacted, would establish a whole new world of litigation and a whole new exposure to airport operators to legal expense.

In view of the powers of the Secretary under existing law, this advancement of exposure to litigation seems totally unnecessary.

Mr. BEAN. Mr. Chairman, my name is George J. Bean. I am director of aviation for the Hillsborough County Aviation Authority, Tampa, Fla. Prior to assuming my present position at Tampa I was a district manager for Northeast Airlines and airport manager of the air carrier airports in Worcester, Mass., and Wilmington, Del. I have also had the privilege of serving as president of the American Association of Airport Executives and of the Airport Operators Council International. This experience has provided me with the opportunity to become familiar with airport development and financing from the perspective of an airline as well as the operator of small and large airports.

Mr. Chairman, I personally support the general objective of your proposed legislation. Since you first described the bill you have now introduced I have actively participated in numerous discussions on the proposal with members of your staff, other airport operators, and airline executives. It is my belief that these persons, individually and collectively, have sincerely attempted to reach a common position that would have made it possible to collectively support your proposed legislation with some appropriate modification. This, unfortunately, has not been possible for what I feel are very good and understandable reasons.

A few of the participants in the discussions have strongly opposed what I, and some others, felt were reasonable compromises. These few are very influential and their positions prevailed. The aviation industry organizations which have presented testimony to this subcommittee have testified on the basis of a consensus of their membership. However, I know firsthand that there still exists a widespread difference of opinion among the members of some of those organizations.

It must be recognized, Mr. Chairman, that there is always fear and trepidation when proposals are made to significantly and suddenly depart from the status quo. The fears and trepidations of airport operators are heightened by the existing and anticipated uncertainties and complications related to the Airline Deregulation Act impact on airports. Various airport operators and airline executives are still uncertain as to the ultimate impact of this revolutionary change in our industry.

I personally feel that much of the concern and uncertainty surrounding your proposed legislation would disappear if you follow the philosophy you used in writing the Airline Deregulation Act,

which is implemented on a gradual basis. In that act you have offered opportunities and incentives to airlines, the objective being to encourage, on a voluntary basis, more competition with resulting benefits to users of the airline system.

Adopting this philosophy, and with the same objective, I respectfully offer the following concept for your consideration.

I suggest that ADAP eligibility for a community's airport should be determined locally, by the airport sponsor. If the carriers sign a supplemental agreement with an airport, providing revenue commensurate with the loss of ADAP and satisfactory to the community, then the sponsor would officially waive its future rights to ADAP funding. Most important to the carriers and the consumer, the local community's waiving its ADAP funding would concurrently trigger a reduction in the Federal passenger ticket tax for passengers using that facility.

If your proposed bill is amended so as to substitute this suggested concept for the mandatory declaration of ineligibility of large- and medium-hub airports I am personally convinced that it would receive industry support. It would offer a strong incentive to both airlines and airport operators to resolve their differences as quickly as possible. Within a very short period of time many airport-airline use agreements would be negotiated and implemented resulting in a significant tax savings to travelers without upsetting existing airport-airline financial relationships.

I believe that the concept would ultimately reach beyond the large- and medium-hub airports since it potentially has a practical application at some smaller airports.

If the subcommittee agrees that this concept has merit, we would like to have the opportunity to pursue it in more detail with representatives of other interests involved, including your staff.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Bean.

I'm disappointed that AOCI's multimillion-dollar members feel they must come before Congress and claim that they can't operate their own business affairs without the small financial help the Federal Government provides the larger airport.

In Mr. Reilly's testimony he states that the trust fund concept has worked exceedingly well and that you hope its basic structure won't be tampered with. Now that's an interesting statement when you consider the uncommitted surplus in the trust fund and the criticisms we heard from AOCI and others about the ADAP program over the years.

Are you saying by that statement that you want to continue the existing ADAP program for airports just as it is?

Mr. REILLY. I think that that statement has been misinterpreted. There, we are solely talking about the concept of the entire trust fund, the taxing mechanism, the fact that these moneys are collected on a responsible basis and they are used for funding all of the program in ADAP, including F. & E. and R. & D.

It's further on, Senator, where we discuss the problems with the ADAP program. I do mention specifically—and I agree with you wholeheartedly—that while the overall concept of the trust fund collection and funding for F. & E. and R. & D., et cetera, in airports has been good, that it's been unreasonable that this \$3

billion surplus has built up and we wholeheartedly agree that we have to work on drawing that down and using it for the original purposes it was intended for.

The CHAIRMAN. Now the committee has already heard from a large and the smallest medium hub, both of whom stated on the record that they could obtain their needed development funds without ADAP if S. 1648 was passed as written. A number of other large and medium hubs will testify or have informally told the committee that they also could raise the fees to cover lost ADAP under their existing contract or ordinance.

Now if some larger airports can professionally exercise their proprietary rights, then why should Congress be expected to protect those operators who for reasons of local politics or inefficient management do not exercise those rights? I'm wondering if you expect Congress to write a Federal law based on protecting the airport operator who doesn't exercise his rights as a landlord or if we should write a Federal law which reward the efficient operator?

Mr. REILLY. Senator, that was a long question. Let me see if I can cover it as you have expressed it.

Senator, you mentioned the two individual airport people who you heard from yesterday or the day before. I'd like to say those two gentlemen, plus one other gentleman who runs an airport, are the three unique situations that I know about where they don't have contracts, where they operate under local ordinances. So they just summarily set their fees by ordinance without having to negotiate with the airlines.

I think that what we are talking about for the other airports is that I personally feel that you will find that the management ability at all airports is exceedingly good and you pinpointed primarily the large and medium hubs. I'd say that certainly they are excellent there. But I do feel that we have to understand and appreciate the various types of contracts these gentlemen work with.

Many of these contracts have been inherited. Many run to the year 2000 and beyond. They are contracts, Senator, that were negotiated on the basis of ADAP's continuation. The airlines have made this a very strong point—

Gentlemen, you can go with these contracts that are long term that have a majority-of-interest provision because you're going to be getting ADAP, not only a known amount of ADAP, but we are all going to be working mutually toward a heightened discretionary fund. So for those sources you could use the money for new capital development.

Yesterday, Senator, we phoned—just to try to get some more information from among the medium hub airports in the United States, we phoned the fourth largest one and the fourth smallest of the medium hubs and we asked them how much of their capital development over the last 5 years was based solely on ADAP. The statistics—Phoenix stated that 30 percent of their total capital development program over the last 5 years was ADAP. Kansas City has said almost 100 percent, Orlando was 12 percent. Orlando is a peculiar situation because they have had a tremendous expansion program and consequently the amount of ADAP has been relatively small. Memphis was 60 percent. From among the four smallest of the medium hubs, Palm Beach noted almost 100 percent, Syra-

cuse was 65 percent, Raleigh-Durham was 50 percent, and Birmingham was 55 percent.

You will see particularly at the four smallest of the medium hubs that over 50 percent of all their capital development over the last 5 years has been from ADAP and basically those gentlemen have said that they plan their capital improvement programs based on the level of ADAP they get rather than on negotiations with the airlines because they find—and this is true in many cases—that the airlines significantly think from year to year as to what landing fees should be. It's primarily the airport director who is looking out into the future trying to plan ahead for long-term development, particularly when you consider that airport development programs generally take 5 to 10 years to get off the ground and in place for usage.

The CHAIRMAN. Well, that's some rather interesting statistics. I'm sorry that they are not correct. Now I'm not suggesting that you're giving me bad information, but I am suggesting that you got from your members some bad information.

For example, you say that Kansas City tells you 100 percent of their funds had come from ADAP funds for their airport development. Well, let me tell you how much they had in the last 9 years. They got \$5,401,000. Now if you have been into Kansas City lately would you say that you could do that? Let me ask Mr. Pattarini, would you say that Kansas City could have made all of that airport development on the sum of \$5,401,629 in the last 9 years?

Mr. REILLY. Senator, the answer to that is that Jack Corbett actually spoke to the people out there and their entire development program had been funded the prior 5 years. None of it has come out of the last 5 years and that's why they say what has been done during the last 5 years virtually has come under ADAP.

The CHAIRMAN. If they didn't get any, then that's 100 percent of zero. If they took 100 percent of their ADAP funds for the last 5 years for airport development, it's 100 percent of zero, which is zero.

Mr. REILLY. Didn't you say they got \$6 million?

The CHAIRMAN. I said in the last 9 years they got \$5,401,629. That's the figure from the FAA in ADAP funds. Now some of these others may be correct. I haven't found Syracuse yet. I'll have to find it on that chart because that one you said was 75 percent, but I think somebody is playing games with some figures here.

Mr. REILLY. Well, Senator, that was done partly on the phone yesterday. I would be more than happy to try to justify each of these figures and expand the information that we have generated for more of the medium hub airports for the record, but basically this was done by phone. I think, though, that if we can rely on the figures—I certainly hope we can to some extent—that particularly as you drop down into the small and medium hub airports, there does tend to be a large expectancy and reliance on ADAP. I don't think it can be summarily discounted.

I think the real issue, Senator, is whether these airports can go to your contract concept as a replacement for what is important to them and that is the real issue.

The CHAIRMAN. Syracuse, for example, in the last 9 years got \$8,244,660. That's less than \$1 million a year and yet they tell you that they got 75 percent?

Mr. REILLY. Sixty-five percent, sir, but it's still a large percent.

The CHAIRMAN. It's still a large percent.

Mr. REILLY. Right.

The CHAIRMAN. And when you add their capital development and their operating as well, this is not very significant. On Kansas City, that figure, they got less than half a million dollars a year.

Anyway, to get back to the basic issue of what you're suggesting here, now I can understand why you would want to put on a \$2 head tax. Let me give you some examples of the average per boarding passenger worth of ADAP over the past 9 years at major airports. At Atlanta, it was 66 cents per passenger. Atlanta received more ADAP money than any other single airport in the last 9 years. At J.F.K., it was 28 cents. At Tampa, it was 44 cents. At Los Angeles, it was 39 cents. At Las Vegas, it was 60 cents. At El Paso, it was 96 cents. At Kansas City, it was 20 cents. At Chicago, it was 22 cents. And the only two that we have identified that got over \$2 per passenger are Birmingham at \$2.50 and Anchorage, Alaska, at \$4.90. Now the vast majority of the large and medium hubs fall below, many well below, \$1 per passenger in terms of ADAP replacement, only going over the dollar figure consistently in the lower third of the medium hubs.

Now those figures certainly don't support a \$2 head tax as an equitable trade for ADAP even if we agreed with that type of a charge. In other words, why does Chicago deserve a \$1.78 windfall for each passenger just because they gave up ADAP? And that's exactly what they would be getting—a \$1.78 windfall if we put in a \$2 tax.

Mr. BEAN. Senator, let me try to answer that. I agree with you; I don't think the airports require such a windfall. I believe what is being suggested is that the prohibition against a passenger fee be removed. It would then be up to the local airport operator whether or not they would even levy such a fee and if they did the amount of the fee would be determined by the local airport operator.

I believe really what airports are asking for is removal of the prohibition, but perhaps the \$2 being a ceiling rather than a fixed amount.

The CHAIRMAN. Well, it's true your proposed amendment does say no charge may be imposed which exceeds \$2 per passenger enplanement, but I can see that out there as a red flag, a beautiful red flag for the airport operator when he sees that, that he's got a \$2 limit that he can go up to.

Mr. BEAN. Senator, if it would relieve your mind at all, and I speak only for Tampa, but in the record of the minutes of our hearings of my authority, there currently exists a prohibition against levying any kind of passenger tax. So as matters stand, the authority would not levy a tax. I can't predict what might happen in the future, but this might give you an indication of what local philosophy is in local communities.

The CHAIRMAN. I think that philosophy probably developed after the experience we had some few years ago.

Mr. BEAN. Yes; it did.

The CHAIRMAN. Are you seriously telling the committee that Chicago can't use an existing airline charge such as a landing fee to make up the equivalent of 22 cents per passenger when each passenger is worth an average of \$77 to the airlines and we have just given the passenger a 6-percent fare reduction as part of this package?

Mr. REILLY. Senator, let me say that we have asked our members on several different occasions if various proposals were workable. In all honesty, Senator, it's true that these airports have come back and said they could see grave, grave problems and difficulties in negotiating with the airlines.

Senator, I think what might help flesh out your record for you is we tried to get from these various airports a definitive reasoning as to why in their local community the situation won't work, and as I explained before, some of the basic problems have been the terms of current contracts and also there is certainly the problem of trying to get, for example, at a larger airport where you have maybe 40 airlines, and you want to try to go forward with a program and then you've got to go to each of those 40 airlines and say, "Listen we want to put up a landing fees 22 cents so we can get this new wing constructed." They are concerned that if they have to go and try to get all these agreements from all these airlines, because it certainly is inequitable if the wing is being used by a number of airlines or all the airlines or some of them don't need it—it's very difficult to get all your airlines at any one time to agree to a project, whether it's large or small, and to agree that they all will increase landing fees. That is the basic problem.

It's not that airports are trying to find a mechanism for a wind-fall. It's just that the airports want to retain some of their ability, that managerial prerogative, to move forward with programs and projects without having, for every project, to try to get every airline's approval.

The CHAIRMAN. Well, first, let me say that under the majority-of-interest clause they don't have to get a majority of the operators to agree. Second, let me suggest that maybe what you need to do is for your airport authorities to go out and hire some shopping center managers to go in and manage. I'm sure they know how to negotiate with their tenants to come up with needed improvements and provide funds without looking toward the Federal Government in that area, and you imply—as a matter of fact, you go beyond an implication maybe—that long-term contracts don't provide the airport sponsors with the latitude to increase the users charge to replace the lost ADAP. Now FAA testified on Monday that in a review of 13 of such contracts, none established a rate level. Rather, the airline rates and the charges floated based upon other revenues in new construction projects. Don't most of the long-term contracts that you're familiar with have a built-in mechanism for making up lost ADAP leading the airport to negotiate regarding the need for any new capital project?

Mr. BEAN. Senator, let me try to answer that and I read two questions there. No. 1, a comparison of airports with shopping centers. I don't think there is a comparison. No. 1, a private entrepreneur that operates a shopping center has a profit motive and when he seeks a profit he takes the risk of suffering a loss. An

airport is a public facility. We are not in a profit motive venture. As a matter of fact, shopping center operators usually look for a leader to move in the shopping center, a large department store, or something and grants favorable conditions to that leader so they can get the other tenants to move in.

Now airports cannot discriminate. We cannot offer a better deal to a large air carrier in order to make our facility more attractive for somebody else. I don't think it's a logical comparison. I think the circumstances are totally different.

To answer the second question with regard to contracts, there are legal considerations and there are practical considerations. Tampa is in a very fortunate position and I'm going to take a minute to explain our contracts, which incidentally were entered into 10 years ago. They are long-term contracts. We have a provision that the airlines are obligated to finance new expansion under several circumstances. One is we have attached a copy of our then-existing master plan and the aviation authority has the ability to expand the airport as shown on that master plan without getting a majority-of-interest approval of the airlines. This is a legal provision.

Second, if we design something outside of the master plan, build something outside of the master plan, the airlines are not required to pay for it until they use it. Now these are favorable terms, but as a practical matter, if we should go to the airlines and ask for their majority-of-interest approval of a project and they say no, it would be extremely difficult to sell the bonds. There are legal considerations and there are practical considerations. I would go back to the long-term agreement we have with the airlines and with all of its obligations and if we did not have the expressed airline approval for that project whereby we build our terminal complex, we wouldn't have been able to sell our revenue bonds. It was just as simple as that. We had the practical laws of economics as well as other considerations.

The CHAIRMAN. If I understand what you're saying correctly, you're saying that you could do it.

Mr. BEAN. Legally, yes; but practically, I doubt very much that we can. Because every time we have sold bonds and we have issued several bond issues subsequent to the signing of that contract, our investment bankers have come back and said that in order to market these bonds you should get majority interest of the airlines, even though it's not legally required.

The CHAIRMAN. Let me ask you this. Do airports today go forward with large construction projects based solely on their eligibility for ADAP or do the larger airports find that they must negotiate with the airlines to recapture the cost of a project that ADAP will cover?

Mr. PATTARINI. Senator, may I answer the question, please?

The CHAIRMAN. Yes.

Mr. PATTARINI. Let me get first to the inefficiency of management if I may. In our complex there are three airports, Kennedy, LaGuardia, and Newark, and I'll leave Teterboro out. Presently we have \$1.3 billion invested. Those facilities didn't just happen. There were constant negotiations with the airlines over more than 30 years. During that period we rebuilt those airports twice. I'm get-

ting ready to answer your first question. At Kennedy, which is strangling today because of congestion, I've got a project that's about \$400 million ready to go. Without the benefit of ADAP, notwithstanding working with the airlines through negotiations, this will not happen. We are throttled off. We need every bit of help we can get.

No; we are not out sponging on the Federal Government for money. After all, it's the user who pays, the guy that buys the ticket, and in view of that, I think over the years I average about \$15 million a year in ADAP funds for the full airport system that I have. It's too little to do the job and actually everything that is done is to the benefit of the airline, so that they then in turn can reduce fares. And what I'm saying, I can't plan 10 years ahead and each year do a new 10-year plan and forecast where I have to rely on that up front money in order to do the job, especially when it's 75-percent money. If that money is in the pocket of the airlines, I'll get nothing done. We'll be in constant negotiations and the airports will deteriorate.

The CHAIRMAN. Well, I fail to understand why the airports cling to the head tax as a charging mechanism when the real issue is replacing the total amount of money that you would have received under ADAP. Now it seems to me that you shouldn't care what kind of a charge would get you that money.

Now in your testimony you asked, "Why not a passenger service charge?" And let me answer that. First, airports or local communities, whichever, showed their ability to abuse the head tax when it was permitted.

Second, we already hit the passenger twice through the airline ticket; once for the 8-percent tax and the second time for a share of the airline cost to cover airport charges.

And finally, head taxes are intrinsically discriminatory in that they don't cover all of the airport users. For example, they don't cover the all-cargo carriers and general aviation.

Now let me ask Mr. Bean and Mr. Pattarini, solely on behalf of New York and Tampa, if S. 1648 passed as written, could you find a way to raise the revenues you need for expansion without ADAP?

Mr. PATTARINI. I doubt it, sir. You must understand, we are dealing with a very complex problem in these contracts. These airlines—take Newark International Airport today. It's been known as the white elephant since we opened it. It is finally coming back on the line and the port authority in trying to make the airlines keep their head above the ground have been subsidizing them through a deferred payment plan and we are doing this not for our own benefit; we're doing it for the benefit of jobs in the region and the economy.

The CHAIRMAN. Of course, your airports there are subsidizing the World Trade Center, too, aren't they?

Mr. PATTARINI. We are a five-State agency as you know, and we have a pool revenue system. Consolidated revenue bonds are all pooled together to develop other facilities. Just as tunnels and bridges help to build the airports, now we are helping build too, again to create jobs.

Mr. BEAN. Senator, let me answer the question you directed at me and there are two considerations. No. 1 is, can you build a

facility? The question should also be, when can you build the facilities? Now I would suspect that ultimately, if the facility was urgently needed, that someplace along the way that the stress and strain on the airlines would be such that it would ultimately be built. However, it does take time for advanced planning and I can't look into the future so I'm not going to attempt to answer your question, but let me give you a specific example of something that recently happened in Tampa.

We had asked in a master plan for extension of a runway. That extension had not been necessary so it wasn't done until one carrier received authority to operate one-stop service to Europe. In order to operate that service without payload assistance, it was necessary to extend that runway. We had ADAP funds in the master plan. We went to the airlines for majority-of-interest approval for the sponsor share of the funds. Now most of the airlines objected to extending the runway since it would only serve one airline for one of its operations. As a matter of fact, our largest carrier vigorously opposed that extension.

However, since 75 percent of the cost was in ADAP, they did ultimately approve it insofar as the 25-percent share is concerned.

Now if we had had to pay the total share, I doubt very much if the airlines would have approved that extension at this time. I think that extension would have ultimately been accomplished, yes, maybe 10 or 15 years from now when there was a more common requirement.

Mr. PATTARINI. Senator, may I add something to that?

The CHAIRMAN. Yes.

Mr. PATTARINI. Let's take LaGuardia Airport. As you know, I've got 3 runways, 3,000 feet on one, 2,000 feet on one, and 1,000 on the other on pile-supported piers. When Air Bus wanted to come into LaGuardia, based upon stress analyses, I would not permit it based upon overloading of the piles and the pier structure itself. It was just at that time that Eastern was on the verge of buying it or not buying it. I was under terrific pressure from the French to get Federal funds to do this work, whatever had to be done to get this machine in. I did not go for Federal funds. So I want you to know that we're not all looking for a windfall. We put every dollar to work.

Mr. BEAN. Senator, I'd like to add to that a little bit too. Negotiations with the airlines aren't all that easy and, unfortunately, I wasn't present for the ATA testimony here but in our discussions that I refer to in my own personal statement, including discussions with the ATA and the airlines, we tried very hard to come up with some sort of a commitment on the part of the airlines that they would in fact reopen leases such as my own so that it would provide for replacement of ADAP and it was impossible to get that done. Perhaps if we could get a commitment from the airlines up front that they would do that, the concern of the airports would be much different; but we are not convinced that the airlines would voluntarily do that.

The CHAIRMAN. Well, I'm sure you heard the testimony of ATA the other day when they certainly recognized that that money was going to have to be made up from someplace, and I'm sure that

they implied, if not flat out said, that they expected it would be negotiated from the air carriers.

Mr. BEAN. If I may, Senator, we sat in a meeting of various interested parties and we did come to a consensus on language that we would propose to the Senate and within 1 hour—within 1 hour after we had arrived at a consensus—this included ATA—some of the ATA representatives of that group reversed their position within 1 hour.

The CHAIRMAN. Well, I want to thank you for a constructive idea on the way to work out the airline and airport differences on this legislation. That's Mr. Bean's suggestion. Now I understand your intent, but I believe there would be a substantial philosophical problem in getting the congressional tax committees to agree to turn over the control of Federal taxes to airport operators and airlines. Of course, there would also be a great many complications in taxes that would be off for some routes and on for others. I'm intrigued about your statement that you might have tried to sit down with your airlines to try to develop a framework of an agreement for Tampa to get out of ADAP. If you would be willing to try that now and could come up with something in the next month or so, perhaps your agreement could serve as an example for other airports and airlines. Such a precedent could go a long way toward arresting the rampant paranoia this bill has created on both sides of the negotiating table.

What are your thoughts on that idea?

Mr. BEAN. Senator, I would be very happy to get the airline committee together in Tampa and see if we can work something out. If it's not out of order, I would like to suggest that a member of your staff sit in as an observer in those meetings.

Mr. PATTARINI. Senator, may I say this: That in the event George is even successful, I don't want you to be deluded into thinking that we will be successful in the New York area, nor Chicago, nor will many other large hubs.

The CHAIRMAN. Well, we've already received or will receive testimony on 20 of the 72 airports where this system will work and haven't gotten one factual case presented yet where the airport definitely could not replace ADAP other than what you're suggesting here today, and I think that we're really getting ourselves into a very bad situation if we were to experiment again with this head tax idea. I think that the taste of the experience that we have had in the past was so bad, and with your suggestions here it's obvious that you're going to have a head tax in varying amounts at every airport throughout the country. We have seen the amount of the contribution per passenger from ADAP that I indicated earlier and you say, well, some airports wouldn't put in the \$2 head tax and maybe they wouldn't. I would hope that they wouldn't try to make \$1.78 or \$1.75 profit on every passenger that went through to take care of some of their other needs, but it seems to me that as long as we're suggesting here that we reduce the ticket tax from 8 percent to 2 percent, giving a 6-percent range in there, which the air carriers are going to be able to use that in recovering part of their fuel costs and reducing fares in some instances, that you certainly ought to be able to negotiate the difference through your various airport authorities.

Mr. BARCLAY. Mr. Pattarini, let me point out something. People in the New York area, just using rough figures, New York generates per year approximately \$100 million just between JFK and LaGuardia through the 8-percent airline passenger ticket tax. You received back over the past 9 years for those two airports approximately a total of \$50 million between the two, or about a little over \$5 million a year. Under the reduced airline ticket tax, the people between the two New York airports would only generate \$25 million instead of \$100 million. So you come up with a benefit to the New York traveling passengers of \$70 million on an annual basis.

Now isn't that worth the added negotiating and perhaps some of the other practical problems that you certainly legitimately would have with the airlines? Isn't that benefit to the travelers of New York airports worth it?

Mr. PATTARINI. Let me say this, that we know we have been very gracious in how much we generate to the total trust fund and that's certainly in line with trying to help the smaller airports accept them. As a large airport operator, that's part of our job.

But to answer your question, I'd be satisfied to stay with the average of \$15 million a year I get, and I'm not tied into a head tax specifically, believe me. I would just like to be assured for my future planning that I have a minimum base from which to work.

Now we have no problem with negotiations because I have been through enough of them. I'm just trying to talk to you from a practical end. When you take it out of the airlines' pocket to do a job that normally was done through the so-called tax on the ticket, I can see no problem in going from 8 to 2 percent and then throwing in 2 percent to cover some of the present ways we're doing today. That would do the same job and make life very simple.

Mr. BARCLAY. But as New York balances the pros and cons of the proposal before them—and certainly you would have your own problems, but New York is a community. Isn't the \$70 million savings to the passengers perhaps a little more beneficial than the \$15 million that you would have to now negotiate for rather than getting automatically?

Mr. PATTARINI. It certainly is. There's no question about it.

The CHAIRMAN. Well, it seems to me we have a situation here where one airport claims it would be a disastrous blow to be removed from the Federal Government's protective umbrella, while another—principally the smaller airports are eager to get out into the marketplace and take advantage of their opportunities and their flexibilities and are confident of their own management abilities to avoid the penalties for the inefficient. I hope that AOCI will carefully consider their position at your meeting in October. I would prefer to go forward with this legislation in a constructive atmosphere with the larger airports, but if the evidence supports their financial capability to get off the Government rolls, I'm certainly willing to give my support to this legislation over their objections.

Now I may say at this point that Senator Goldwater yesterday asked me if I would announce that he would like to be a cosponsor of this legislation as well.

Mr. BEAN. Senator, before I leave, I would like to make a couple statements if I may.

One, if it were possible to implement your concept on a more gradual basis where there would be time to work out real differences between the airports and the airlines, I think it can be worked out. Perhaps the suddenness of the impact of this is a part of the problem.

Second, as was indicated in our statement, lurking behind all this is the uncertainties of the impact of deregulation on airports and there has perhaps been some misunderstanding, but airports are being told by Government officials that they must have facilities available for any carrier that chooses to come in to serve that airport; they must have equal facilities that are being provided for the carrier. Maybe this requirement is being misrepresented, but in some airlines—and we have been approached in Tampa by some airlines saying you must build a gate for me; you must do this; the Federal law requires this.

If the obligation of an airport operator under deregulation could be clarified, I think it might be very helpful, Senator.

The CHAIRMAN. Have you given any thought to what kind of a phased-in approach you have in mind?

Mr. BEAN. Well, in my concept, this is kind of a phase-in concept. I realize the problems with it, but—I can only speak for myself—perhaps if the legislation said that large and medium hubs would become ineligible 3 to 5 years from now, this would give 3 to 5 years to sit down and attempt to negotiate leases. You see, when we negotiated our long-term leases we negotiated under a circumstance where there was ADAP and where it was anticipated ADAP would continue to be available and, second, there was no deregulation.

Now if we were to renegotiate the leases in Tampa today I suspect there would be some differences from those that existed in the leases which were negotiated in a totally different atmosphere and totally different circumstances. When you're negotiating, you can only negotiate in what's known.

The CHAIRMAN. Actually, I was considering whether we might divide it up into a third—say your large hubs and then your medium hubs and then your smaller ones, or something like that, on a phased-in approach. But we will take a look at that and see what we might come up with.

Do you have anything more, gentlemen?

[No response.]

The CHAIRMAN. Thank you very much. We appreciate your being here with us.

We'll hear from Mr. Duane Ekedahl, executive director, Commuter Airline Association of America.

**STATEMENT OF DUANE H. EKEDAH, EXECUTIVE DIRECTOR,
COMMUTER AIRLINE ASSOCIATION OF AMERICA; ACCOMPANIED BY ALAN STEPHEN AND LINDA DEEGAN**

Mr. EKEDAH. Senator, I'm Duane Ekedahl of the Commuter Airline Association of America, and with me today are Alan Stephen, who is director of operations of the Commuter Airlines Association, and Linda Deegan, director of Federal regulations.

It's a pleasure for me today to have the opportunity to appear before you to give the views of the short-haul and feeder air carri-

ers with respect to the national airport development needs and priorities.

I might point out at the outset that we were subscribers to and participants in the joint industry position that was entered earlier this week and I therefore won't raise any of those points in our testimony today.

We represent the Nation's commuter air carriers which I believe you know to be the fastest growing segment of aviation today and with airline deregulation we expect that this growth will continue at an accelerated pace. This year commuter air carriers are forecast to carry more than 12 million passengers, up 22 percent over 1978, and 545 million pounds of cargo, up 35 percent to 850 domestic destinations. In so doing commuter airlines will have reliably performed approximately 2.3 million revenue flights, logged 1.5 million flight hours, and accounted for more than one-quarter of all U.S. scheduled airline service.

Commuter air carriers primarily provide hub-spoke service which links outlying towns and communities with frequent, direct service to the Nation's principal air carrier airports. As evidence of the importance of this commuter connection to the air traveling public, nearly 80 percent of all commuter passengers interline with other scheduled flights.

Commuter air carriers also provide a majority of their service in short-haul markets. Flights of 250 miles or less account for 87 percent of all commuter markets, compared with only 6 percent of the certificated carrier markets. In terms of passengers, 45 percent of all commuter enplanements, some 4.6 million passengers, boarded their flights at the 74 airports currently classified as large or medium commercial hubs.

Under airline deregulation, commuter airlines will assume an even more significant proportion of all such local and feeder air service over the next decade. The economics of short-haul transportation make it increasingly difficult for air carriers utilizing large transport aircraft to profitably serve these markets. Commuter airlines on the other hand, with frequent schedules flown in aircraft matched to the market size, can provide convenient replacement service in these markets.

In the 12 years prior to the Airline Deregulation Act, 172 communities lost certificated service. Commuter airlines today serve 140 of them. Since deregulation, more than 130 cities additionally have been notified of planned reductions in certificated air service; 79 of these cities are losing their last certificated carrier. The guarantee of 10 years of air service in the Airline Deregulation Act assures that all these cities will have replacement air service. At 50 of these cities, commuter air carriers are already providing that service. Further, in all cases where the Civil Aeronautics Board has made essential air service determinations, as mandated by the deregulation act, commuter air carriers are providing the required level of replacement service.

The Airline Deregulation Act of 1978 was a milestone in the development of commuter short-haul and feeder operations. The provisions of that act which redefined the economic regulation of U.S. air transportation also set the direction for commuter airlines to become full partners in meeting the air service needs of Amer-

ica. In the year that has nearly passed since this Act of Congress became law, we can conclude that airline deregulation has resulted in the beginning of better air transportation service at significantly lower cost to the U.S. consumer.

The Airline Deregulation Act sets forth as public policy that air service be provided in accordance with "the highest possible level of safe, reliable air transportation to all communities served by air carriers." It also directs that "essential air transportation" be guaranteed through "the maintenance of a comprehensive and convenient system of continuous airline service for small communities and isolated areas." We believe these provisions are critical to the success of the deregulation. In large part, they cannot be met without the addition of new capacity and improved access to our Nation's air carrier hub airports.

Thus, the commuter airline industry views the proposed post-1980 airport and airway system development legislation, ADAP, as an equally important step in providing safe, reliable, and convenient air service to America. Without sufficient airport capacity and access on an all-weather basis, the air transportation industry cannot successfully meet the growing demand for air travel.

The Commuter Airline Association of America has reviewed S. 1648 carefully and have come up with seven points which we would like to bring to your attention as comments with respect to this proposed legislation today.

The first is the need to extend ADAP for 5 years. It is clearly needed that this be continued and that the user financed side be provided for in the Federal development of our airports and airways through at least 1985. We endorse the joint position which established a \$1.755 billion total ADAP expenditure and that breakdown is given in the testimony. We also endorse the annual increases in the ADAP of 7 percent per year.

Point No. 2, to maintain the trust fund integrity. We believe this has proved to be an excellent mechanism for capital funding in the national aviation system. We endorse provisions in S. 1648 and S. 1649 which maintain the trust fund integrity to reduce the airline passenger ticket from the present 8 percent to 2 percent, and draw down the current \$3.2 billion trust fund balance through capital improvements to the aviation system. We cannot support FAA-proposed expenditures of more than \$1.3 billion in 1981, rising to \$1.9 billion in 1985, to fund FAA operations and maintenance costs as long as there are substantial airport and airway capital improvement needs remaining unmet.

No. 3 is airport categorization. The proposed airport categorization and associated ADAP funding levels contained in S. 1648 are a major improvement from the existing law. With the passage of the Airline Deregulation Act, the distinction between air carrier and commuter service airports as defined in the present ADAP legislation is becoming less relevant. The CAAA endorses the language of S. 1648 which defines all certificated carrier and commuter airports which meet a minimum annual enplanement of 2,500 passengers as commercial-service airports.

The CAAA supports retention of the per-passenger entitlement formula for apportionment of ADAP funds to primary airports. The CAAA also favors the proposed funding mechanism for commercial

service airports contained in S. 1648, provided adequate safeguards are contained in the law to assure ADAP discretionary funds remain sufficient to meet the total 5-year obligation of a minimum \$750,000 per airport. Access to additional ADAP discretionary funds for high priority capacity and safety-related projects which exceed the \$750,000 that is to be made available to each commercial service airport is of vital importance to commuter airport development. At just 133 of these airports, those currently classified as commuter within the definition of the national airport system plan, the FAA estimates total ADAP needs in excess of \$300 million.

4. Redirect FAA F&E eligibility criteria: Although the commuter airline industry joins with other aviation organizations in recommending expenditures for facilities and equipment of \$400 million in 1981, we are deeply concerned over how that funding will ultimately be used to upgrade airports served exclusively by commuter airlines. The present FAA qualification criteria has not adequately met the safety and capacity needs of these airports. Of the 271 continental U.S. airports receiving scheduled service exclusively by commuters, 66 percent lack precision instrument landing systems. Further, no commuter service airport, however substantial the passenger volume or level of general aviation and military activity, can qualify for approach radar under FAA criteria, unless it also receives a minimum 4,000 certificated air carrier jet operations annually.

The Airline Deregulation Act requires the FAA to assure that the level of air safety afforded to persons traveling on commuter carriers, to the maximum extent feasible, be equivalent to the level of safety provided to persons traveling on certificated carriers. The CAAA recommends that similar language be included in the Airport and Airway System Development Act of 1979 with respect to the expenditure of FAA facilities and equipment funds.

5. Runway and terminal development needs: Commuter access at congested air carrier airports is another important ADAP-related issue. At many of these airports, it is possible to add much needed new air traffic access by developing reliever approach procedures and runways. There is little reason to queue jet and commuter aircraft together. The lower approach speeds, greater maneuverability and shorter landing distances of aircraft generally used by commuter airlines offer greater flexibility in the utilization of congested terminal airspace and groundside facilities. ADAP funding of stub runways, and other alternative landing sites can also provide much needed future capacity at our Nation's major airports.

The commuter airline industry is working to improve direct terminal access for passenger and baggage handling. At too many airports, however, commuter airlines still must share inadequate, outmoded, or outlying space. As commuter airlines assume a larger role in maintaining a short-haul, feeder network of air service, ADAP funding of public use areas of terminals as well as facilities modernization projects will be necessary to satisfy passenger needs. We support inclusion of these provisions as proposed in S. 1648.

6. Assurance of right of access: The CAAA believes that all airport and airways programs must be administered with due regard for the goals of fostering competition, preventing unfair meth-

ods of competition in air transportation, and maintaining essential air services. With a restructuring of short-haul and feeder air transportation under deregulation, legislative safeguards must be included in the post-1980 ADAP bill which emphasize equal rights of access for all users within reasonable time and upon reasonably competitive terms. These assurances must not only apply to airports seeking Federal grants-in-aid for construction of runway and terminal facilities, but continue to provide protection at all airports where Federal funds have been previously expended.

7. Federal interest in hub airports: Defederalization of these important airports raises significant issues of concern for the commuter airline industry.

The large- and medium-hub airports currently account for 34 percent and 11 percent respectively of all commuter passenger enplanements. However, the CAAA expects these percentages to rise as commuter air carriers increasingly provide all short-haul and feeder operations under deregulation.

The Civil Aeronautics Board must guarantee for 10 years that a minimum level of air service is provided at each of 555 communities included under the essential air transportation provisions of the Airline Deregulation Act. This includes both assuring minimum daily flight frequencies and a minimum number of passenger seats to be offered to the associated air carrier hub of each of these communities. Thus, the Federal presence in assuring hub airport access under deregulation must continue throughout this period.

The CAAA must raise the critical issue of how capital investment at ADAP ineligible airports might be met during the transition period when airport capacity is so vital to the success of deregulation. Currently, as the need for new airport investments arise, airport and airline operators come together through established long-term contractual agreements to negotiate how construction will be financed. The CAAA can support this mechanism only when commuter airlines serving these airports are assured of truly meaningful participation in determining airport capital expenditures and the associated means of equitable cost recovery.

Finally, the CAAA believes there are other important Federal considerations associated with these airports. The major air carrier hubs of our Nation have long served regional air transportation needs. These airports have in large part been developed to serve interconnecting air passengers who have shared in the cost of constructing and maintaining these airports. Thus a Federal interest in these large- and medium-hub airports must be preserved to assure future accommodation of these passengers and to protect service to surrounding small and medium communities.

Mr. Chairman, thank you for the opportunity to give you this testimony.

The CHAIRMAN. Thank you very much, Mr. Ekedahl.

You stated that defederalization of large and medium hubs cause you problems as to how these airports would meet capital investment needs. Keeping in mind the per passenger figures I read to AOCI on the value of ADAP, why do you believe airline negotiations are inadequate to make up the financing that ADAP can provide?

Mr. EKEDAHL. We don't believe that. We are just not sure we are going to be included in those negotiations.

The CHAIRMAN. I see. When you say commuters must be assured of truly meaningful participation in determining airport capital expenditures before they will support the airport/airline negotiation mechanism for meeting financial requirements, what do you mean specifically?

Mr. EKEDAHL. I think it's desirable to have statutory language that would assure the commuter who finds himself the little guy in a situation like this to have his voice heard when these negotiations are underway and to be considered.

One of the problems is that the major airports are constrained through existing master plans, through the pressing needs for additional funds, and we are not sure that we are always adequately heard; particularly if this system is turned completely loose and it becomes the major airports and airlines sitting down and deciding how to best fund the capital needs of that airport—

The CHAIRMAN. You don't think the language that says the needs of all users must be taken into consideration would be adequate?

Mr. EKEDAHL. I think we would like to add to that a little bit. In fact, we have worked up language and have taken a look at the administration's bill and have also worked in the ad hoc group that got together and tried to come to some language that the airports and the other segments of the industry would find acceptable. I think we are pretty close to having some language that would satisfy everyone. We are meeting with our board of directors tomorrow and we are going to present that language to them and we would be happy to then submit that to you and your staff. It simply adds to what's in your bill now.

The CHAIRMAN. Why don't you submit to us whatever you come up with in the way of language because if we do need clarification we could certainly consider that, or we might even consider some language in the committee report to make it adequately clear what is intended.

Mr. EKEDAHL. Very good.

The CHAIRMAN. I'm puzzled by what you gain by not supporting the negotiation process, particularly as you explained, your steadily increasing presence at these larger airports. Are you assuming that as this presence grows and you increase the feed to the larger airlines that you would be increasingly left out of the process?

Mr. EKEDAHL. I think that we can anticipate that we will be left out in many cases. For many of the airports—deregulation came rather suddenly. I think the growth of commuters was unexpected by many of our airports and unexpected by some of our commuters I might say. It's asking a lot for them to anticipate the growth of this segment. We need some special assurances as it's vital to airline deregulation generally that we are accommodated in these primary hubs and I think it really would be vital to have as much in the way of assurances built into this legislation as we can reasonably expect.

The CHAIRMAN. Let me say that I share your views on the need to make sure that airports out of ADAP continue to live up to the existing requirements, that they don't discriminate among classes of air carriers and other users, and in S. 1648 we attempt to do

that, but we would appreciate it if you would provide your own suggestions for the committee to consider.

Your testimony is silent on the question of State involvement in the ADAP program. Does your organization have a position on that?

Mr. EKEDAH. Yes, we do. We concur with the position advanced by the joint industry group and we do oppose the State involvement in the ADAP program.

The CHAIRMAN. All right. Thank you very much. We appreciate your being here and giving us the benefit of your views.

[The following information was subsequently received for the record:]

COMMUTER AIRLINE ASSOCIATION OF AMERICA,
Washington, D.C., October 24, 1979.

Hon. HOWARD CANNON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CANNON: At the time of our testimony before the Aviation Subcommittee of the Senate Committee on Commerce, Science and Transportation on the subject of post-1980 airport and airway development legislation, you requested language relating to the problem of access for commuter airlines at the nation's primary airports.

We appreciate your understanding the need for specific statutory language to assure equal and non-discriminatory treatment of the small air carriers whose role in meeting the essential air service needs in the small communities is becoming increasingly vital.

After careful consideration, we have concluded that the Administration's recommended provisions to assure access meet our needs. Attached for your reference is a copy of those provisions.

We hope you will give strong consideration to including these provisions in your bill.

Sincerely,

DUANE H. EKEDAH,
Executive Director.

Enclosure.

[Add to Section 2 of S. 1648]

SEC. 2. DECLARATION OF POLICY.

The Congress hereby finds and declares—

that all airport and airway programs should be administered in a manner consistent with the provisions of sections 102 and 103 of the Federal Aviation Act, as amended by the Airline Deregulation Act of 1978, with due regard for the goals expressed therein of fostering competition, preventing unfair methods of competition in air transportation, and maintaining essential air transportation; and

[Add as a new provision to S. 1648]

SEC. 7. APPLICABILITY OF ANTITRUST LAWS.

Nothing in this Act shall relieve any person (including any owner or operator of any airport or any public agency acting in that capacity) from the operation of the antitrust laws, including the Sherman Act, the Clayton Act, and the Federal Trade Commission Act, each as amended, and the Federal Aviation Act, as amended.

[Substitute this provision for Section 13(a)(1) of S. 1648]

SEC. 16. PROJECT SPONSORSHIP.

(a) SPONSORSHIP.—As a condition precedent to approval of an airport development project contained in a project-grant application submitted under this title, the Secretary shall receive assurances, in writing, satisfactory to the Secretary, that:

(1) the airport to which the project relates will be available for public use on fair and reasonable terms and without unjust discrimination, and will offer access to its facilities and services within a reasonable time and upon reasonably competitive terms to persons engaged in air transportation who seek to use them;

[Add as a new provision to S. 1648]

SEC. 25. CIVIL PENALTIES.

(a) Any recipient of a grant of funds under this title who violates any provision of this Act or any rule, regulation, or order issued thereunder, or who fails to comply with any of the assurances required by section 13 of this title shall be subject to a civil penalty not to exceed \$25,000 for each such violation. If such violation is a continuing one, each day of such violation shall constitute a separate offense. The provisions of this section shall be considered to be in addition to and not in lieu of any other enforcement provisions or contractual remedies available to the Secretary.

(b) Any such civil penalty may be compromised by the Secretary. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums which the United States owes to the recipient charged.

[Add as a new provision to S. 1648]

SEC. 26. JUDICIAL ENFORCEMENT AND MISCELLANEOUS PROVISIONS.

(a) JUDICIAL ENFORCEMENT.—

(1) If any recipient of a grant of funds under this title violates any provision of this Act, or any rule, regulation, requirement, or order thereunder, the Secretary may apply to the district court of the United States for any district wherein the airport of such recipient is located, for the enforcement of such provision of this Act, or of such rule, regulation, requirement, or order; and such court shall have jurisdiction to enforce obedience thereto by a writ of injunction or other process, mandatory or otherwise, restraining such recipient, its officers, agents, employees, and representatives from further violation of such provision of this Act or of such rule, regulation, requirement, or order and requiring their obedience thereto.

(2) Upon request of the Secretary, any United States Attorney to whom the Secretary may apply is authorized to institute in the appropriate district court and to prosecute under the direction of the Attorney General all necessary proceedings for the enforcement of the provisions of this Act or any rule, regulation, requirement, or order thereunder including proceedings for the collection of any civil penalty. The costs and expenses of such prosecutions shall be paid out of the appropriations for the expense of the courts of the United States.

(b) PARTICIPATION IN COURT PROCEEDINGS.—Upon request of the Attorney General, the Secretary shall have the right to participate in any proceeding in court under the provisions of this Act.

(c) JOINDER OF PARTIES.—In any proceeding for the enforcement of the provisions of this Act, or any rule, regulation, requirement, or order thereunder, it shall be lawful to include as parties, or to permit the intervention of, all persons interested in or affected by the matter under consideration; and inquiries, investigations, orders, and decrees may be made with reference to all such parties in the same manner, to the same extent, and subject to the same provisions of law as they may be made with respect to the persons primarily concerned.

[Add as a new provision to S. 1648]

SEC. 27. THIRD PARTY ACTION AGAINST GRANT RECIPIENT.

Any person aggrieved by the failure of a recipient of a grant under this Act to comply with the provisions of section 13(a)(1) or any assurance given to the Secretary pursuant to that section, or any rule, regulation or requirement under that section, may, pursuant to the procedures and requirements set out in paragraphs (2), (3), (4) and (5) of subsection 308(a) of the Federal Aviation Act, as amended, either file a complaint with the Secretary or bring an action for injunctive relief against the recipient in the United States District Court for the District in which the airport is located.

[Add as a new provision of S. 1648]

SEC. 302. AMENDMENTS TO THE FEDERAL AVIATION ACT.

(a) Section 308(a) of the Federal Aviation Act of 1958, 49 U.S.C. 1349(a), is amended:

(1) by inserting "(1)" immediately before the first sentence;

(2) by striking out the last sentence and inserting the following in lieu thereof: "There shall be no exclusive right for the use of any landing area or air navigation facility upon which Federal funds have been expended, and all airports upon which Federal funds have been expended shall be available for public use on fair and reasonable terms and without unjust discrimination. The

owner or operator of each such airport shall offer access to the airport facilities within a reasonable time and upon reasonably competitive terms to all persons engaged in air transportation who seek to use them.”; and

(3) by adding at the end thereof the following new paragraphs:

“(2) Any person aggrieved by the failure of the owner or operator of an airport upon which Federal funds have been expended to comply with the last two sentences of paragraph (1) of this subsection may file a complaint in writing with the Secretary of Transportation pursuant to section 1002 of this Act. Within thirty days after the receipt of such complaint, the Secretary shall notify the complainant whether the Secretary will undertake further investigation of the complaint in accordance with section 1002. The Secretary may undertake such further investigation only if the Secretary is satisfied that the facts alleged in the complaint, if true, may constitute a violation of the last two sentences of paragraph (1) of this subsection, and may cause substantial public harm to the national air transportation system.

“(3) If, but only if, the Secretary fails to notify the complainant within thirty days, or notifies the complainant that the Secretary will not undertake further investigation of the complaint under this section, the complainant may, no later than 60 days after the expiration of such thirty days or after such notification, whichever occurs first, bring an action for injunctive relief in the United States District Court for the district in which the Airport is located. The person who brings such action shall immediately notify the Secretary that such action has been commenced. The Secretary shall have the right to intervene in such action.

“(4) If the Secretary undertakes a further investigation under section 1002 of the matter complained of, the Secretary shall determine, after notice and opportunity for a hearing, whether there is a violation of the last two sentences of paragraph (1) of this subsection. If the Secretary determines that such a violation exists, the Secretary shall first encourage voluntary action to remedy the violation. In the absence of such voluntary action within a reasonable time, the Secretary shall take such action as is necessary to remedy the violation, including but not limited to requiring the modification or termination of agreements by or between persons engaged in air transportation or airport owners or operators.

“(5) Any person adversely affected by a determination of the Secretary under paragraph (4) of this subsection may appeal such determination pursuant to section 1006 of this Act.

“(6) As used in this subsection, the word “airport” means any area of land or water which is used, or intended for use, for the landing and takeoff of aircraft, and any appurtenant areas which are used, or intended for use, for airport buildings or other airport facilities or rights-of-way, together with all airport buildings and facilities located thereon.

“(7) The procedure and remedies set out in this subsection are in addition to any other procedure or remedy provided by law.”

The CHAIRMAN. Next is Mr. John Winant.

STATEMENT OF JOHN H. WINANT, PRESIDENT, NATIONAL BUSINESS AIRCRAFT ASSOCIATION; ACCOMPANIED BY MICHAEL J. McCARTY, MANAGER, AIRPORT AND ENVIRONMENTAL SERVICES; AND ROBERT A. COOKE, ASSISTANT TO THE PRESIDENT, GOVERNMENT RELATIONS AND ENERGY

Mr. WINANT. Good morning, Mr. Chairman.

The CHAIRMAN. Good morning.

Mr. WINANT. I have with me this morning two other members of the National Business Aircraft Association staff. On your right is Michael J. McCarty, manager of airport and environmental services; and on your left is Robert A. Cooke, assistant to the president for government relations and energy.

In the interest of conserving your time, Mr. Chairman, I shall not read our entire statement and if it's agreeable with you, sir, I wish to comment briefly on eight major topics which we address in that statement.

The CHAIRMAN. It will be included in the record in full.

Mr. WINANT. Thank you, sir.

As simply a brief introductory statement, I would like to say that we do fully support the recommendations for expenditures beginning in fiscal 1981 which were enunciated by ACCENT in Monday's testimony and that all the comments which I will make are addressed at increasing the capacity and through it increasing the safety of the national aviation system which we in business aviation view as a truly integrated system in which the air carriers and general aviation play complementary roles and to which all airports, be they major hubs or be they grass strips, are of urgent importance.

Some observations, sir, on the concept of defederalization. We indeed feel that the concept has great merit but we do have some reservations, or perhaps better phrased, some questions to express.

One, obviously, the feasibility of defederalization depends on the ability of airport operators to find alternate sources of revenue and that the likely source of revenue will have to come from all the airport users, not just the air carriers as would seem to be implied in the language of S. 1648.

At many of the medium-hub airports general aviation traffic constitutes a majority of operations, not in terms of passengers, but in aircraft operations. General aviation operators certainly should help to pay for improvements beneficial to them, but we don't think they should be required to carry a burden of improvements necessary to attract or serve the needs of air carrier operators.

An example would be the kind of runway extension of the type enunciated by Mr. Bean earlier this morning.

We do feel congressional attention is needed in the area of the funding mechanism so as to insure that the capital improvement fees, whatever they may be, will not fall disproportionately on general aviation users, and we do feel that general aviation interests are concerned and are so because at the locations where the airport proprietor has little or no negotiating power with the airlines general aviation will be asked to fill the gap.

Another portion of defederalization which concerns us is that it would result in double taxation on general aviation. While the passenger ticket tax would be substantially reduced, no reduction would occur in the fuel tax which is the most critical tax linked to general aviation flying. General aviation already pays the highest Federal tax levied on any form of private transportation. Under defederalization, general aviation would also be required to pay a substantial share of capital improvement needs at defederalized airports. To remedy this situation we recommend that the Congress give some kind of consideration to the possibility of reducing the general aviation fuel tax if defederalization is to be enacted. Defederalization of the airports, we feel, should not be completed in one swift stroke. Rather, it could be accomplished with a slower and more deliberate approach which would allow airports enough time to take the appropriate actions to provide for an orderly transition from Federal dependence to self-sufficiency. We suggest, for example, the kind of schedule which might deregulate or defederalize the large hubs first and then perhaps at an interval 2 years later the coming onstream of the medium-hub airports.

Finally, we do say that we have concern with the assurances in the existing law that guarantee that airports will be available for public use on fair and reasonable terms without unjust discrimination.

The leverage which the Federal Government currently possesses with control of ADAP money to assure such assurances are followed is an irreplaceable benefit of the current law.

We would question whether the defederalization concept can provide all users the same level of protection without some strengthening language.

As to trust fund surplus we agree with the intent of S. 1648 to reduce this enormous unintentional surplus through a combination of expanded airport funding programs and decreased user taxes.

With respect to taxes, we feel with the present trust fund surplus and the aviation community's recommended funding levels for the post-1980 ADAP period our association can see no justification for instituting a tax structure on aviation which is higher in rate than those existing today. In fact, we believe, as stated earlier, a tax reduction could well be in order. We consider a cents-per-gallon tax to be more equitable than a percent of retail price tax because of the wide variation in prices paid by private operators for fuel.

We prefer what we think was the sense of the Congress in 1970 in enacting the 7-cent fuel tax, that it would indeed be a uniform tax, uniformly applied, and therefore would be directly related to the use of the national aviation system of the aircraft consuming the fuel.

With respect to reliever airports, we feel our most pressing need is for effective reliever airports in major metropolitan areas. We believe that the concept of allocating funds to reliever airports on the basis of enplanements at the air carrier airport they serve is appropriate. However, rather than separate funds for each primary hub area, as the administration and S. 1648 propose, NBAA recommends that these primary hub apportionments be consolidated into a single discretionary reliever fund administered by the Secretary. We think this method would enable a more rapid development of our national reliever system and it would allow FAA to direct the fund to those sponsors who are prepared to move expeditiously toward the accomplishment of needed airport projects at relievers.

Under the heading of facilities and equipment, we support additional expenditures to make all airports functional for severe weather operations. The most pressing safety needs of general aviation and reliever airports are for approach and landing aids. We therefore support complete funding of VORTAC/VOR replacement program, accelerated installation of ILS, MLS, and VASI's, terminal area radars, upgrading air route traffic control centers to the best and the latest, weather display and data processing in the centers, together with forecasters on the spot to advise controllers and pilots. We further think it's time to stop studying the need for and start the FSS modernization program which includes colocation and consolidation to the current state of the art. We agree with the S. 1648 funding levels of \$400 million for F. & E. and we feel it is appropriate.

As to project eligibility, we support the extension of eligibility to two specific items—weather reporting equipment and public use of

privately owned reliever airports. The latest data shows that between 1972 and 1976 weather was a factor in 39 percent of all general aviation aircraft accidents. Automatic weather observation systems will make an important contribution to aviation safety and warrant inclusion as an eligible ADAP item.

We are very concerned that privately owned reliever airports which are open for public use are susceptible to being priced out of existence. Many of these airports make important contributions to the national aviation system in terms of safety and capacity benefits derived and we think they should be granted access to ADAP funding after giving the same assurances as any other eligible publicly owned airport.

As to Federal share of project costs, we support an 80-percent Federal matching fund level for all airports in ADAP projects with the exception of new capacity projects which should be funded at the 90-percent level.

As to the role of the States, we strongly oppose any Federal action which would mandate a change in the current Federal/airport sponsor grant and administration relationship.

Finally, in summary, sir, we find that there is little which we can support in the administration bill. We find insofar as S. 1648 is concerned that we can support a great deal. We have expressed today some reservations with the concept of defederalization and hope that these might be worked out as we go down the course of being of help to you in the development of the final legislation.

We thank you, Mr. Chairman.

The CHAIRMAN. Well, thank you very much.

Your statement is very interesting and I find that we agree with much of it, so I don't think we need to have any questions for you.

Mr. WINANT. Very good, sir.

[The statement follows:]

STATEMENT OF JOHN H. WINANT, PRESIDENT, NATIONAL BUSINESS AIRCRAFT
ASSOCIATION

Mr. Chairman and Members of the Subcommittee: The National Business Aircraft Association (NBAA) represents business aviation in the United States and consists of more than 2,000 member companies which operate aircraft of all types in the day-to-day pursuit of their business objectives. There are currently over 50,000 business aircraft in the United States. These aircraft utilize every type of airport, from the smallest sod strip to the largest intercontinental hub airport; as such, business aircraft operators have a strong interest in ensuring that this Nation continues to have a strong and viable airport and airway system. NBAA appreciates this opportunity to express our views on Federal participation in the improvement of this Nation's air transportation system.

Fundamentally, the present Airport Development Aid Program (ADAP) is providing a "flow" of capital to develop a safe and efficient national airport and airway system; however, some important changes are needed in order to redirect this "flow" along a channel where the need is the greatest.

A review of airport development under the first eight years of ADAP indicates that several obstacles must be overcome if the proper and necessary redirection of the "flow" is to take place. First, we must stop concentrating our efforts toward ensuring that the ADAP distribution formula precisely reflects the amounts deposited into the Aviation Trust Fund from any particular category of aviation user. Rather, we should concentrate on strengthening the weakest links in our air transportation chain to the same caliber as its strongest.

Secondly, the intent of Congress in adopting an Aviation Trust Fund concept was to ensure that a source of capital is available to help fund airport development projects necessary for the continuation of a safe and efficient airport and airway

system. This fund was never intended to develop an extraordinary surplus to be used in the reduction of the national debt.

Finally, all must recognize that the Nation's system of airports and airways is a valuable public resource from which great public benefits derive. This Nation depends upon a national air transportation system which is an integration of air carrier and general aviation operations. While the airlines do a marvelous job of moving large numbers of passengers between major metropolitan centers, the task of providing air transportation that binds together the remaining thirteen thousand plus community airports which are essential parts of the air transportation network falls to general aviation.

Several legislative proposals have been put forth which would continue Federal involvement with airport and airway development—specifically S. 1581 and S. 1648. While each introduces several new and innovative approaches to ADAP, NBAA will focus on a limited number of the more significant areas which may be either unique to one specific bill or a concept shared by both.

DEFEDERALIZATION

Perhaps the most unique feature of any of the legislative proposals is S. 1648's elimination of the large and medium size airports from the Federal ADAP program. Although after thorough investigation and careful consideration NBAA feels such a concept has merit, we do have the following reservations:

1. The feasibility of defederalizing our Nation's airports is, of course, based on the ability of the airport operators to find alternative sources of revenue to finance their capital airport improvement projects. The likely source of revenue will be all the airport users and not just the air carriers as the language of S. 1648 implies. At many of the medium hub airports, general aviation traffic constitutes a majority of the operations. General aviation operators should help pay for improvements beneficial to them, but should not be required to carry the burden of improvements necessary to attract air carrier operations. Special Congressional attention is needed in the area of the funding mechanism so as to ensure that the capital improvement fees will not fall disproportionately on general aviation users. In addition, general aviation interests are concerned that at locations where the airport proprietor has little or no negotiating power with the airlines, general aviation will be asked to fill the gaps.

2. Another portion of the defederalization proposal which concerns NBAA is that it would result in double taxation of general aviation. While the ticket tax would be substantially reduced, no reduction would occur in the fuel tax—the most critical tax linked to general aviation flying. General aviation already pays the highest federal tax level levied against any form of private transportation. Under defederalization, general aviation would also be required to pay a substantial share of capital improvement needs at the defederalized airport. To remedy this situation, NBAA recommends that Congress consider reducing the general aviation fuel tax if defederalization is to be enacted.

3. Any defederalization of our Nation's airports should not be completed in one swift stroke; rather it should be accomplished with a slow and deliberate approach. Such an approach would allow airports enough time to take appropriate actions to provide for an orderly transition from Federal dependence to total self-efficiency. A step approach would allow the healthier airports which are in a better financial state to "blaze" the trail for the smaller air carrier airports and test the concept. If complex and extraordinary problems result which cannot be resolved on the local level a step approach would afford Congress the opportunity to make any fine tuning changes that are needed.

4. The last area of defederalization which concerns us is what happens to the assurances in the existing law that guarantee airports "will be available for public use on fair and reasonable terms and without unjust discrimination." The leverage which the Federal government currently possesses with the control of ADAP money to ensure these assurances are followed is an irreplaceable benefit of the current airport development law. NBAA questions whether § 1648 defederalization concept can provide all users the same level of protection.

TRUST FUND SURPLUS

The aviation trust fund currently exceeds \$3 billion in uncommitted surplus. While NBAA has supported and continues to support the use of a dedicated fund to finance needed improvements in our national airport and airway system, we feel it is time that Congress provide unquestionable direction on how this trust fund money is used. NBAA certainly would agree with the intent of § 1648 to reduce this

enormous unintentional surplus through a combination of expanded airport funding programs and decrease user taxes.

To look favorably at the Administration's proposal for reducing the trust fund, one must accept two fallacies as truths. First one needs to accept the theory that Congress intended the users to pay for the daily operations of the FAA and, secondly, one must accept the fact that this Country has an aviation system that requires merely maintenance, not expansion. Certainly the numerous Congressional hearings on the need for additional funding for airport safety and capacity items, as well as FAA's own studies which show a continual and healthy growth rate for aviation, demonstrate the need for a more responsive airport development program than that proposed by the Administration.

The Administration has proposed diverting substantial trust fund monies to pay for the overhead expenses of the administration. NBAA supports the ACCENT position which establishes a M & O 1981 funding level of \$350 million.

TAXES

NBAA has always asked for a "balance sheet" approach between expenditures and revenue on the basis that such an approach constitutes responsible, sound fiscal policy. With the present trust fund surplus and the aviation community's recommended funding levels for the Post-1980 ADAP period our Association can see no justification for instituting a tax structure on aviation which is higher in rate than those existing today; in fact, we believe a tax reduction is in order. We consider a "cents per gallon" tax to be more equitable than a percent of retail price tax because of the wide variation in prices paid by private operators.

RELIEVER AIRPORT SYSTEM

In airport development, our most pressing need is for effective reliever airports in major metropolitan areas. Reliever airports help reduce the congestion problem at those airports heavily used by the air carriers. However, an airport which falls well short of providing both air and ground safety and service equal to those used largely by the airlines close by, can never function adequately in the role of reliever. To shortchange relievers, as FAA has consistently done throughout the history of the airport and airways development programs, means that our current system of relievers is not capable of accomplishing the entire job that is intended.

NBAA believes that the concept of allocating funds to reliever airports on the basis of enplanements at the air carrier airports they serve is appropriate. However, rather than separate funds for each primary hub area as the Administration and S 1648 propose, NBAA recommends that these primary hubs apportionments be consolidated into a single discretionary reliever fund administered by the Secretary. We believe this method would enable a more rapid development of our national reliever system as it would allow FAA to direct the funds to those sponsors who are prepared to move expeditiously toward the accomplishment of needed airport projects. NBAA fully endorses a minimum funding level of \$70 million for reliever airports in 1981 as established by the ACCENT group.

FACILITIES AND EQUIPMENT

For Facilities and Equipment, we support additional expenditures to make all our airports functional for severe weather operations. The most pressing safety needs of general aviation and reliever airports are for approach and landing aids. Landing aids, both visual and electronic, have always been needed for airport safety during periods of reduced visibility and inclement weather. Also environmental considerations, particularly in the noise abatement area, now make landing aids an important part of an airport's equipment. NBAA therefore supports the complete funding of the VORTAC/VOR replacement program, accelerated installation of ILS, MLS and VASIs, terminal area radars, upgrading air route traffic control centers to the best and the latest, weather display and data processing in the centers, together with forecasters on the spot to advise controllers and pilots. In addition, it is time to stop studying the need for and start the FSS modernization program which includes co-location and consolidation to the current state of the art. The Post-1980 funding levels outline in S 1648, of \$400 million seems appropriate and NBAA fully supports it.

PROJECT ELIGIBILITY

With respect to eligibility, NBAA would like to voice support for two specific items—weather reporting equipment and public use of privately owned reliever airports.

While weather is a subject we talk about almost daily, it's also an area man has little control over. The best we can do is to study it and attempt to forecast its unpleasantness. Inclement weather can do more than just ruin our weekends; it can mean a loss of life and property. The latest available data shows that between 1972-1976 weather was a factor in 39 percent of all general aviation aircraft accidents. Frequently, weather data is unavailable simply because the airport of final destination is remote from any weather reporting station. Automatic weather observation systems will make an important contribution to aviation safety and warrant inclusion as an eligible ADAP item.

NBAA is very concerned that privately-owned reliever airports which are open for public use are susceptible to being priced out of existence. These airports are valuable assets to this Nation's air transportation system. There are several such airports which are potentially vulnerable to transformation into commercial or residential developments simply because of the failure of Federal, State and local governments to assist them. These airports make important contributions to the national aviation system in terms of safety and capacity benefits derived and as such they should be granted access to ADAP funding. Privately-owned public use airports designated by the Secretary as relievers should, after giving the same assurances as any other eligible public-owned airport, receive Federal assistance according to project priority.

FEDERAL SHARE OF PROJECT COSTS

NBAA firmly believes that the financing of any ADAP eligible project should be a shared responsibility between the local sponsor and the Federal government. The local sponsor should have a financial stake in the project to demonstrate and enforce his support of the airport's worth to the community and the Federal governments interest should be linked in preserving a national asset. Toward this end NBAA fully supports an 80 percent Federal matching funds level for all airports projects with the exception of new capacity projects which should be funded at the 90 percent level.

STATES

Both S. 1581 and S. 1648 substantially expand the role of the States. Both delegate to the States the primary responsibility for administering the ADAP money which would flow to the small air carrier and general aviation airports. NBAA strongly opposes any Federal action which would mandate a change in the current Federal/airport sponsor grant and administration relationship. It is our position that the program must continue to be a Federal responsibility, including leadership and encouragement due to the national and interstate airport requirements of all aviation users.

The foundation for our position on this matter is based on three general areas of concern. First, should the States be given the opportunity to increase their role, it is likely that a whole new set of user taxes will be created at that level in order to support the States' administrative costs. Additionally, new tax revenue would be needed to cover the State's required 10 percent of those Federally funded ADAP projects it administers. Second, even if State interest were ratified by legislation, the capabilities in terms of manpower and resources would not intrinsically exist. Finally, NBAA is concerned that further State involvement could create a condition where local and State politics are major forces dictating what, when and where airport development occurs, thus further removing the local small airport from fulfilling its role in the national air transportation system.

We do endorse, however, that the current option for state channeling of funds continue to be available for those states which desire to establish their respective administering agencies.

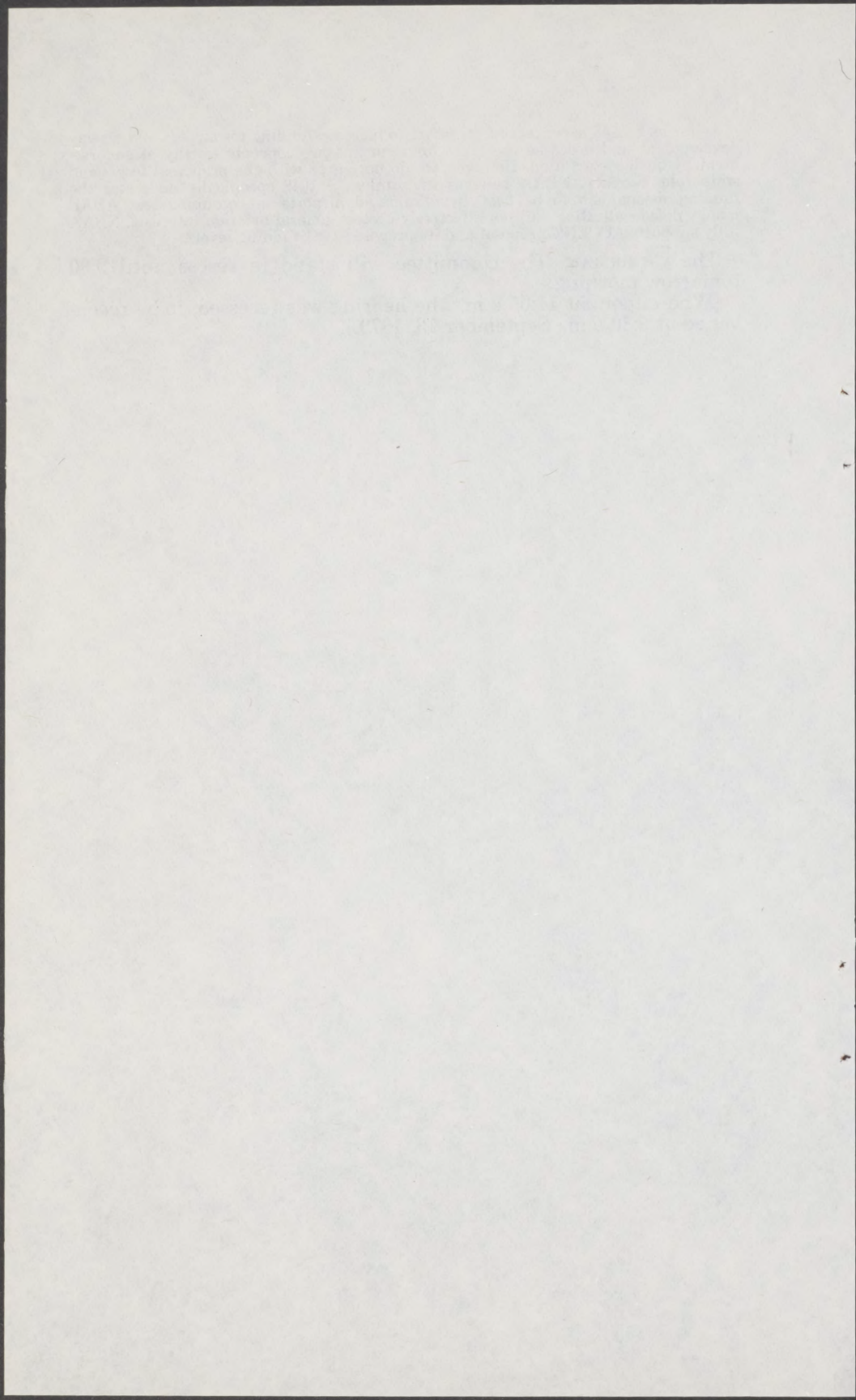
SUMMARY

NBAA finds the entire Administration's ADAP legislative proposal (S 1581) to be inconsistent with Congressional intent to further improve and expand the efficiency and safety of this Nation's air transportation system. NBAA can support little if any of the Administration's bill.

As far as S 1648 is concerned, its effort to increase funding for airport and airway development and decrease the trust fund surplus are concepts worthy of endorsement by business aviation. However, we do not agree with the proposal to expand state role. Further, NBAA believes that unless S 1648 specifically addresses the funding mechanism to be used by eliminated airports in recouping lost ADAP money defederalization will not effectively protect general aviation interests. NBAA fully supports ACCENT proposal and its proposed 1981 funding levels.

The CHAIRMAN. The committee will stand in recess until 9:30 tomorrow morning.

[Whereupon, at 11:05 a.m., the hearing was recessed, to be reconvened at 9:30 a.m., September 13, 1979.]



AIRPORT AND AIRWAYS SYSTEM DEVELOPMENT ACT OF 1979

THURSDAY, SEPTEMBER 13, 1979

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
SUBCOMMITTEE ON AVIATION,
Washington, D.C.

The committee met at 9:30 a.m., in room 235, Russell Senate Office Building, Hon. Howard W. Cannon (chairman of the committee) presiding.

The CHAIRMAN. The hearings will come to order.
Senator Warner.

OPENING STATEMENT BY SENATOR WARNER

Senator WARNER. Thank you, Mr. Chairman.

This is the fourth day of hearings on S. 1648 and S. 1581 in what has been a very extensive examination of the Airport and Airway Development Act.

At the outset, let me emphasize that I wholeheartedly support the concept and the goal of the legislation which Chairman Cannon has proposed—to remove any unnecessary financial burden from the public's shoulders. I stress the word unnecessary.

The purpose of reducing airport user fees is to reduce, in turn, the cost of air transportation to the public. This objective surely is to be applauded.

Historically, the Aviation Trust Fund was created by the Airport and Airway Development Act to provide for the continued safety and efficiency of our Nation's airport and airway system. This committee has heard lengthy testimony on the many benefits which airports have derived from the Aviation Trust Fund, which is supported by user fees.

Accordingly—as we consider reducing the user fees which nourish the trust fund, and changing the eligibility criteria for airports participating in the fund—there is an important question which we must squarely face: Whether or not such action may jeopardize the ability of the Nation's airports to secure the funds they need to meet the ever-increasing public demand for air transportation.

Supporters of S. 1648 and S. 1581 believe that they have provided reasonable and sufficient alternatives for funding airport needs other than through the Aviation Trust Fund.

It is my belief that, before we reduce the fees and change the criteria of the trust fund, we must provide viable funding alternatives for our Nation's airports—so that neither the service and

operation of our airports nor the safety of aircraft passengers will be impaired.

Senator Cannon and this committee have been working diligently to provide funding alternatives and still offer economic relief to aircraft passengers. I will work with the chairman to that end.

I want to welcome and thank the officials of the Norfolk, Virginia, Port and Industrial Authority, which owns and operates the Norfolk International Airport, for appearing before our committee today to present what I believe is a very concise, informative, and thought provoking statement.

Your statement has focused on the problem in this legislative area that concerns me most: What funding alternatives does an airport have if it is no longer able to look to the Aviation Trust Fund?

The continued viability of Norfolk International—Virginia's largest nonfederally owned and operated airport—is essential to our State's transportation network.

Even more importantly, Norfolk is the home base for the Nation's Atlantic Fleet. It is one of the Nation's busiest ports and one of the world's largest shipbuilding centers. The continued vitality and viability of the Norfolk International Airport is absolutely essential to our Nation's defense and our Nation's domestic and international commerce, as well as to the future economic development of Virginia's tidewater region.

Accordingly, the points you raise give me great concern.

You can be extremely proud of the fact that Norfolk's International Airport has never been a financial burden to the local taxpayer—a fact which sets you apart from many of the Nation's airports.

My hope is that you can continue that enviable record.

I thank you and assure you that I will work diligently with the chairman and the committee to address and resolve your concerns and those of comparable airports around the Nation.

The CHAIRMAN. Our first witness today was to be Clifton Moore, general manager, city of Los Angeles, department of airports. The committee was notified by Mr. Moore yesterday that an illness prevents his appearance today, but he's asked that his testimony be made a part of the record, which it will, and that I read into the record the Los Angeles Board of Airport Commissioners' resolution on ADAP which is as follows:

Whereas, the Board of Airport Commissioners of the City of Los Angeles, does hereby support in principle federal legislation which would result in reducing the 8 percent passenger tax to a level of 2 percent, due to the fact that the citizens of Los Angeles are contributing large amounts of dollars through the 8 percent ticket tax to the Aviation Trust Fund; and

Whereas, a relatively small portion of that money is being returned to the Los Angeles Airport system; and

Whereas, this action, as a continuing administrative activity, is exempt from the requirements of the California Environmental Quality Act as provided by Article III, Section 2.f. of the Los Angeles City guidelines: Now, therefore, be it

Resolved, That the Board of Airport Commissioners now finds that it is in the best interest of the City of Los Angeles and the users of Los Angeles and Ontario International Airports to support in principle the subject legislation.

I hereby certify that the above is a true and correct copy of Resolution No. 11792 adopted by Airport Commissioners at a regular meeting held Monday, August 6, 1979. Elaine E. Staniec—Secretary, Board of Airport Commissioners.

[The statement follows:]

STATEMENT OF CLIFTON A. MOORE, GENERAL MANAGER, DEPARTMENT OF AIRPORTS,
CITY OF LOS ANGELES

On August 6, 1979, the Board of Airport Commissioners of the City of Los Angeles adopted its Resolution No. 11792 relating to the matter of federal tax levied by the United States Government on tickets sold for air travel through the Los Angeles International Airport system. In its original concept under the Federal Aid to Airports Program, and later under the Airport Development Aid Program, it is our belief that proceeds were to be diverted back to the airports for their needed development, together with a small amount being used for FAA facilities and engineering.

At Los Angeles we have not been able to procure an accurate accounting of the number of dollars raised by this tax that might be considered "Los Angeles share of the revenue" but, nevertheless, by any indication rather large sums have been raised. On the other hand, the amount of money returned to the Los Angeles Airport system through the Airport Development Aid process has been a relatively low percentage. Indeed, on occasion it was necessary for us to result to litigation in the federal courts in order to be able to obtain our minimum enplanement funds. This has resulted in an unacceptable demand on passengers purchasing tickets in this area. Because of this disproportionate situation, we feel it is time for a lower profile federal approach with regard to this type of taxation, concentrating on a program using a lowered tax to obtain an appropriate level of funding for the smaller airports that quite obviously need federal assistance for the foreseeable future. We feel that with this kind of retrenchment we will all have the opportunity to stand back and review the results of the Airport Development Aid Program and, further, to see if negotiations with the airlines can prove to be an adequate substitute in our case. Should future negotiations prove to be unacceptable, other alternatives can be considered at that future time.

We recognize that this proposal may not fit the needs of all large airports and that alternative methods of financing may need to be available. We leave the suggestion of those alternative methods to others, who may more appropriately address that subject.

Thank you for the opportunity of appearing today before your Committee to present this testimony.

Norfolk ADAP through end fiscal year 1978

1971, R/W ext. et cetera.....	\$5,137,280
1972, Overlay.....	617,725
1973.....	0
1974, CFR vehicle.....	142,042
1975.....	0
1976 and transition quarter, groove R/W; install fencing.....	249,300
1977, Land, VASI, snow removal equipment.....	512,625
1978:	
CFR vehicle, R/W lights, obstruction lights.....	283,500
Snow removal equipment.....	205,667
Security fence.....	274,500
Total.....	7,422,639
Fiscal year 1979.....	1,583,250
Total.....	9,005,889

Apportionment

1971.....	299,013	1977.....	1,346,644
1972.....	292,627	1978.....	1,381,155
1973.....	292,627	1979.....	1,448,173
1974.....	312,226		
1975.....	304,934	Total.....	8,016,999
1976.....	2,339,600		

Norfolk Agreement:

- Long term
- Majority at interest agreement
- If disagreement, cost benefit analysis required
- Binding arbitration required (if disagreement continues).

The CHAIRMAN. We will next hear from Mr. Kenneth R. Scott, executive director, Norfolk Port & Industrial Authority.

**STATEMENT OF KENNETH R. SCOTT, EXECUTIVE DIRECTOR,
NORFOLK PORT & INDUSTRIAL AUTHORITY, NORFOLK, VA.;
ACCOMPANIED BY PAUL G. CAPLAN**

Mr. SCOTT. Mr. Chairman, Senators of the committee:

I am Kenneth R. Scott, executive director of the Norfolk Port & Industrial Authority, Norfolk, Va. I have with me this morning Mr. Paul G. Caplan who is chairman of the board of commissioners of the authority.

I am the chief executive officer of the Norfolk Port & Industrial Authority which is an independent political agency, with the usual corporate attributes, created by the State of Virginia. It is governed by a board of five commissioners appointed by the Norfolk City Council. The port authority owns and operates Norfolk International Airport which is located in the city of Norfolk, Va. It is vested by statute with responsibility for the promotion and development of aviation, including air transportation and the development of industry in Norfolk. The airport is by far the authority's major area of responsibility and, as executive director of the port authority, it receives the major portion of my personal efforts. I am speaking, therefore, in the public interest as I see it and not for any selfish segment of the industry.

I speak on behalf of the entire metropolitan area of southeast Virginia and northeast North Carolina served by Norfolk International Airport. The Norfolk-Virginia Beach-Portsmouth Standard Metropolitan Statistical Area—SMSA—is the 49th largest SMSA in the Nation. Norfolk International Airport is currently served by four certificated carriers—Allegheny, National, Piedmont, and United—with the fifth carrier—Eastern—scheduled to commence service November 1 of this year. The origin-destination passenger total carried by these airlines in and out of Norfolk International Airport ranks the airport 44th among all air stations in the country. We are classified by the Federal Aviation Administration—FAA—and the Civil Aeronautics Board—CAB—on the basis of passenger enplanement as a medium hub and are the 26th largest of the 39 medium hubs. Also, our airport is the largest nonfederally owned/operated airport in the State of Virginia.

The ADAP legislation you are now considering is of real concern to the Norfolk Port and Industrial Authority and we appreciate this opportunity to bring to this committee our assessment as to the impact the currently proposed ADAP legislation Senate bill 1648, as we understand it, will have on our airport.

One of the major provisions of Senate bill 1648 now being considered is the eventual elimination, after fiscal year 1981, of all large and medium hub airports from ADAP funding as we have known it since 1970. After fiscal year 1981, the larger airports that will no longer be eligible for ADAP funding will be on their own to obtain all financing needed for airport capital improvements as well as operation and maintenance from local sources. These local sources will include, where possible, additional fees and charges to the airlines serving the airport.

Norfolk International Airport has historically been operated on user generated revenue and has never been a financial burden to the local taxpayers. A major airport expansion and improvement program undertaken in 1971-74 was financed under a \$26.5 million revenue bond issue secured by a 25-year airport use agreement whereby the signatory airlines guaranteed the payment of any net M. & O. expense and the annual debt service through adjustable rental rates and/or landing fees. Again, this financing approach was taken to provide the Tidewater Virginia area a larger and more efficient airport required to meet the air transportation needs of the region without committing any local taxes or creating any additional general obligation on the local government. As a result of this approach to financing, the Norfolk Airport's local fees and charges are already at maximum levels and additional increases will undoubtedly be required just to cover inflation for normal M. & O. costs and to cover capital expenditures which are not eligible for funding under the current ADAP program or to cover the sponsor's share—25 percent—of ADAP-eligible projects. Therefore, to also cover the entire cost of capital projects, which heretofore were partially covered by ADAP, through traditional local airport fees and charges would result in even higher fees and charges at Norfolk.

To depend on the airlines to negotiate in good faith or for the airport sponsor to unilaterally assess additional fees against the airlines, assuming legislation permitting such assessment is provided and is upheld in the courts as overriding our current airport use agreement, is a dangerous risk that could jeopardize an airport operator's plans for airport development and improvement. Our past experience in dealing with airlines for funding capital projects has been frustrating to say the least. In dealing with four or five airlines with different and independent management and operational philosophies, it is extremely difficult, if not impossible, to reach a timely agreement. Each airline looks upon a local airport project from its own selfish viewpoint and not from the overall benefit of the local airport situation. For example, airlines have historically opposed funding for such airport facilities as those used for general aviation and air cargo activities. These activities are an integral part of the development of every airport and the airport operator has a legal and moral public obligation to provide these additional services which cannot always be developed on their own.

For example, aircraft parking ramps and taxiways for general aviation and/or air cargo facilities are eligible for funding under the present ADAP program. Therefore, the cost of construction these facilities can, if the airport sponsor determines it is in the best interest of the airport, be covered in part, 75 percent in our case, by a Federal grant and thus reduces the amount of local investment required to provide these essential airport services which are normally of little concern or interest to the airlines. Also, airport sponsors are frequently faced with airport capital improvements required to attract additional or expanded air service as part of the local economic development effort. Again, such improvements may not be of interest to the incumbent carriers and as a result they would not be receptive to financing them. In our case, for example, the port authority may determine that the ex-

tension of a runway that would permit longer aircraft stage lengths is needed to attract all-cargo aircraft to serve local industries or would improve the overall air service to the region. Our inability, as the airport sponsor, to obtain funding under a program comparable to the current ADAP could jeopardize the growth of local industries or deter the overall growth of air service. Again, it is difficult to envision that a majority of the airlines serving the airport would agree to fund such an improvement.

Acquisition of land for airport noise control or other environmental consideration or for future airport development is another critical capital expenditure which airlines are reluctant to consider as part of their financing responsibility. With the airport sponsor having, under current Federal aviation noise control policy, the overall responsibility for noise control around the airport, the need to acquire land for environmental control and airport expansion is forcing the sponsor to use more ADAP moneys for this purpose. It is difficult to envision the airlines enthusiastically funding land acquisition or other expenditures associated with noise control or for other environmental consideration.

Even if the proposed ADAP legislation is modified, as we understand has been suggested, to provide airport sponsors unilateral authority to assess additional fees against the airlines for airport development funds, it will place the airport operator in a position of total reliance on the airlines for such funding. With the flexibility airlines now have under deregulation to change service patterns at airports, we feel that the financial capability of airlines at each airport could fluctuate considerably leaving the airport sponsor with a potential problem of collecting the airport development funds from the airlines.

We envision that the airlines will contest through the courts an airport sponsor's unilateral assessment of airport development funds above and beyond the normal charges for airport maintenance and operation and outstanding debt service requirements. If such court action is initiated, what recourse will the airport sponsor have in accomplishing required capital improvements pending the lengthy legal process. It appears to us that the sponsor's only recourses are to either gamble and proceed with the capital expenditures hoping the courts will rule in favor of the airport sponsor and the airlines will be forced to pay or the airport sponsor defers the capital expenditures until the judicial process is completed. The possibility exists that the airlines would obtain an injunction to stop any project with which they were not in agreement and thus delay it indefinitely.

In the case of Norfolk International Airport, for discussion and planning purposes, we anticipate receiving, under the ADAP program as now in effect and if extended, a minimum of \$1,500,000 a year in entitlement funds. To generate an equal amount through other local sources, our choices for airport development funds, as we see them, are any one of the following:

First: Increase the landing fee, in our case, by approximately \$0.75 per 1,000 pounds. This would mean that the landing fee at Norfolk would have to be increased from a current rate of \$0.844 to \$1.594 per 1,000 pounds of certificated landing weights.

Second: The airline terminal rents would have to be tripled.

Third: Increase airport passenger service fees that are controlled by the port authority such as public parking, restrooms, and ground transportation services. In the case of the parking fee, we would have to more than double our current charges. In this case, we would be charging in the range of \$1.50 per hour in the short-term lots and \$1 per hour in the long-term lots. Revenues from other airport tenants, concessionaires, are fixed either through contracts or are based on percentage commissions which, of course, depend on their actual business activity. With minimum revenue generated from restrooms and ground transportation, it seems ludicrous, to attempt to project increases in these rates to meet an annual requirement of \$1,500,000. The adverse public reaction to increasing airport service fees to offset the current ADAP funding would, in our opinion, generate public outcries that could be avoided through some form of direct airport funding program such as now exists under ADAP.

Fourth: Somehow obtain funding assistance from local governmental agencies. In our case, we feel this is entirely impossible. The Norfolk International Airport serving the Tidewater area is, as previously stated, operated exclusively on user fees and it would be an economic strain on the local communities to provide funds for airport development. The only way local governments could consider providing airport funding assistance, we feel, would be through other Federal programs available to them.

The increases in items 1-3 above to cover the airport development funds would be in addition to any normal increases to cover increased cost of maintenance and operation.

Therefore, we feel that the proposed so-called safety valve provision for airports to unilaterally assess airlines additional fees for airport development funds is still not an acceptable alternative to the continuation of the current ADAP program or legislation that permits the assessment of a local enplanement fee.

The current ADAP program, while not without problems and administrative frustrations at times, is a reliable source of funding for airport sponsors. To replace that reliability with an airline controlled funding program is, in our opinion, virtually placing the airlines in a position of running the Nation's larger airports.

Also, while the proposed reduction in the airline ticket tax from 8 percent to 2 percent as envisioned in S. 1648 is an attractive selling point for the consumer in leading them to believe the cost of flying will be reduced, it is somewhat misleading and should be appropriately recognized. In order for the airlines to provide funds comparable to the current ADAP program to cover the cost of needed airport improvements, the airlines would undoubtedly have to increase the air fares. Perhaps the increase would not initially have to be the full 6 percent dropped from the tax, but some increase in fares would be inevitable for the airlines to increase fee payments at all large and medium hub airports for capital expenditures. Regardless of how the money is collected or what it is called, the users of the air transportation system will ultimately pay for it.

Since 1970 the Norfolk Port and Industrial Authority, as an airport sponsor, has received approximately \$7,500,000 in Federal grants under ADAP for eligible improvements at Norfolk Interna-

tional Airport. In addition, the port authority has received approximately \$490,000 in grants from the State of Virginia under its airport development program. The port authority has invested \$860,000 from airport generated revenues in capital expenditures which is in addition to the proceeds from the \$26.5 million revenue bond issue utilized for the major expansion and airport improvements undertaken during the period 1971-74 previously mentioned.

During this same time period, it is conservatively estimated that the airline tax generated at Norfolk International Airport was in excess of \$41,600,000. Therefore the port authority received only 18 percent of the money collected from users of the Norfolk airport. Even considering that 2 percent of the tax collected at Norfolk is required to fund smaller airports and other aspects of the ADAP program, the port authority received less than one-quarter of the tax collected at our airport. As a result of all this money not being returned to the airports through the grants, the airport trust fund has a surplus that according to information we received exceeds \$4.5 billion.

Current plans for Norfolk International Airport indicate a need for approximately \$26,800,000 for capital expenditures over the next 5 to 7 years. Of this amount, the port authority is projecting at least \$10,900,000 from ADAP. The remaining \$15,900,000 will somehow have to be generated through local sources. Among these proposed capital expenditures are measures, including land acquisition, to reduce adverse impact resulting from aircraft noise that were identified under a recently completed airport noise control and land use compatibility—ANCLUC—study for Norfolk International Airport. The port authority took the initiative to undertake the ANCLUC study as part of the airport master plan study in keeping with the Federal criteria of airport sponsors taking the leadership role in addressing the aircraft noise problem. If a reliable airport funding program is not available to airport sponsors to implement noise control measures, the entire ANCLUC planning effort will have been a futile exercise leaving the sponsor open to potential noise lawsuits or other actions that could adversely affect the operation of the airport.

Airport sponsors such as the Norfolk Port and Industrial Authority recognize and accept our responsibility to operate and manage our airports in an efficient and financially prudent manner and in the best public interest. However, the current proposal to shift the only reliable source of airport funding from the Federal ADAP program to one controlled by private enterprise—the airlines—appears to be one that will force the airport sponsor to operate and develop the airport as dictated by the airlines' interests. Under such a program airport development will be done to meet current needs of the airlines with little or no consideration being given for the future or, more specifically, for the potential development of the airport as part of the local economic development effort and in the development and attraction of competitive air service to provide the citizens of the Tidewater area the advantages envisioned as part of airline deregulation. In closing, I submit for your evaluation and consideration our thoughts as a medium-hub airport sponsor on what we feel is needed in terms of a viable airport development aid program:

First: ADAP legislation is required that provides assurance to all airport sponsors of being able to obtain funding for airport development in amounts comparable to or greater than the current Federal ADAP program funding level with annual increases to cover inflation without any direct control by or reliance on the airlines. Or the alternative is legislation permitting collection of a local enplanement fee.

Second: Reduce the trust fund balance over the next 5 years by increasing the annual funding levels for the ADAP program with a small reduction in the amount of tax assessed. Also, any funds remaining in the airport trust fund should eventually be appropriately distributed to all airports that participated in the development of the trust fund to be used for the initial intended purposes only. We are opposed to the use of the airport trust fund to balance the Federal budget to include M. & O. costs of the FAA.

Third: The State should not be involved in the administration of a Federal ADAP program for air carrier airports. The present system of airport sponsor dealing directly with the FAA should be continued.

Fourth: While the thought of reducing Federal involvement and redtape associated with the ADAP program as envisioned in the proposed Senate ADAP bill is appealing, we feel this is somewhat superficial. It is our feeling that the Federal requirements associated with equal employment, nondiscrimination, facilities for the handicapped, environmental requirements, FAA certification requirements, and other Federal agencies requirements will not be reduced. We feel some of the detailed Federal involvement and other unnecessary administrative burdens associated with the ADAP program could be greatly improved through specific language in the Federal legislation. We feel if Congress makes it clear as to exactly what the Federal involvement should be, then the bureaucrats will have no room for interpretation and their involvement would be limited.

Fifth: It is recommended that one additional improvement be considered in the ADAP legislation and that is that the availability of ADAP entitlement moneys for each airport be extended to cover 4 years—total of 5 years—after the year in which the funds are appropriated.

As a representative of a medium-hub airport operator, I respectfully request that this committee fully evaluate the impact the provisions of Senate bill 1648 will have on the operation of our Nation's airports, of which I realize Norfolk International is only one. However, several of my colleagues who are not able to appear before you have many of the same concerns that I have expressed to you today and they have or will express their concerns through their individual Senators or directly to this committee by other forms of communications. The development of ADAP legislation to meet the needs of our airports is essential if this country's air transportation system is to continue to adequately serve the public interest. We look forward to this committee's leadership in developing such an airport development aid program.

Thank you for allowing me the opportunity to appear before you and share our thoughts and concerns on this critical aviation legislation.

[The attachment follows:]

NORFOLK INTERNATIONAL AIRPORT, NORFOLK, VA.

CAPITAL EXPENDITURES SUMMARY

1971-73—3—Year Major Expansion Project

Revenue bonds	\$26,500,000
ADAP grants	4,600,000
Other port authority revenue	250,000

1974-79—Capital Expenditures

ADAP grants	2,900,000
State grants	490,000
Other port authority revenue	610,000
Airline ticket tax collected: 1970-1978	41,600,000
Total ADAP Grants 1971-1979	7,500,000

Future Capital Expenditures (1980-87)

Non ADAP	12,300,000
ADAP eligible	14,500,000
Total	26,800,000
Future ADAP requirements (1980-1987)	10,900,000

The CHAIRMAN. Well, thank you very much, Mr. Scott.

I don't question your intent or your sincerity, but your testimony is a very bad misrepresentation of the impact of S. 1648. Not only have you presented an evaluation which I think is wrong, but there are misstatements of fact which I think should also be corrected for the record.

First, I hope you're closer on your own budget figures than you are when you talk about the trust fund in this testimony. The trust fund surplus is presently \$2.5 billion, not \$4.5 billion. So you're off about \$2 billion there.

Now first, I want to get on the record the real impact of S. 1648 on the Tidewater citizens. Incidentally, I hope that you will be able to stay to hear the next witness and their own evaluation because they are an airport substantially your size and they have come to a completely different conclusion.

With an 8-percent ticket tax the Norfolk airport passengers will pay out about \$27.5 million in the next 5 years. They will get back, using your figures, \$7.5 million in ADAP funds funded directly. With a 2-percent ticket tax they will pay out \$6.9 million and get back no ADAP. So the trade off from the viewpoint of Norfolk travelers is \$7.5 million in ADAP grants or \$20.6 million in the tax cut.

Now even after your passengers pay you through increased landing fees the \$7.5 million for airport development, they still get a net savings of \$13.1 million.

I take it from your testimony that you feel a \$13 million net savings to your passengers is not worth the airport's added problems of negotiating with the airlines to replace the ADAP funds.

Mr. SCOTT. Senator, I would concur after I had a chance to evaluate the figures. As you have indicated, our figures do not

correspond to yours and I would like the opportunity to review them.

The CHAIRMAN. All right, sir. In your statement you say that "6 percent ticket tax reduction is a selling point for consumers leading them to believe the cost of flying will be reduced. It is somewhat misleading and should be appropriately recognized."

Now to be sure you're not misled, let me tell you what I have said in my introductory remarks on the bill and in two subsequent speeches and in my opening statement Monday. The tax reduction will reduce airline fares by 6 percent. That's about \$7 billion over 5 years. Large- and medium-hub airports will raise their charges on airlines to recapture the lost ADAP which amounts to about 2 percent. That's about \$2 billion over 5 years which would be passed on to the passenger in the fare. Now that leaves a \$5 billion net fare savings for the passengers.

Now is that going to mislead anybody? The net savings to the passengers over that 5-year period is a \$5 billion net fare savings. Can you come to any other conclusion than that?

Mr. SCOTT. No, sir; I can't.

The CHAIRMAN. Now Omaha which is exactly the same size as Norfolk, and Greensboro-High Point which is smaller, and several airports which are larger, have all said that they can meet their development needs without ADAP. Why is Norfolk incapable of the businesslike operation that other airport operators with and without long-term contracts are eagerly willing to assume?

Mr. SCOTT. I think the major difference is that we entered into our contracts with the carriers in 1970-71 with the understanding that an ADAP program would probably be in existence for some time, and as a result our experience in dealing with the carriers in the interim for unforeseen capital expenditures has indicated that they are limited to short-range programing and planning and don't want to do the long range which we frequently have to do as I indicated for local interest expansion that they are not ready to do right at the present time.

The CHAIRMAN. Well, we recognize that those airports that have long-term contracts have a problem, but ATA has already recognized here that this makeup of the 2 percent is going to have to come from some source and presumably would come from the airlines, and certainly the implication was that their air carriers would expect that they would have to renegotiate their contracts to come up and make up that 2-percent shortfall.

Mr. BARCLAY. Mr. Scott, it's important to understand that in long-term contracts that the concept of them was developed in the 1960's beginning with the Chicago O'Hare contract, and the basis of them—first of all, they were developed in an atmosphere without ADAP when big airports could not rely on any Federal funds, and the concept was that you add up your total revenues that you get from sources outside the airlines and then the airlines make up the difference to make sure that the airport breaks even. So that none of them have set rate and charge schedules. They have a floating schedule for anything you don't get from either ADAP or concession revenues. So that would seem to be a built-in mechanism, if ADAP is zero, you add up your revenues from concessions, and the rest has to be made up by the airlines.

Now I realize you have to negotiate the future capital expenditures to justify them because the airlines know they are going to have to pay for them, but isn't there a built-in mechanism in the long-term contracts?

Mr. SCOTT. Well, not to cover capital expenditures. Our net revenue producing capability is limited to operating funds and the debt service. We cannot crank in the revenue figures expense for a capital expenditure to offbalance the revenues we can charge in landing fees and terminal costs at this time. No, we cannot.

The CHAIRMAN. You're saying that's the case in the language of the contract? Is that it?

Mr. SCOTT. Yes, sir.

The CHAIRMAN. But if the airlines agree that they need capital expenditures, they are certainly going to negotiate and come up with them. You pointed out a lot of needs that you have. For example, you need to fund your general aviation, your air cargo, your runway extension, your land acquisition needs, as well as the noise damage suits. Well, you can't very well do all that on \$1.5 million a year, which is the amount that you have been getting for your average amount on ADAP. So you're going to have to go to those kinds of sources.

Now you refer to the ANCLUC study. I have not seen your particular one, but I have seen some of them and one of the alternatives that they suggest is that you impose a nighttime curfew to take care of the noise problem, and I'm sure that you, as an airport operator, would not want to see your airport impacted by a 10 o'clock at night to 7 o'clock in the morning curfew, would you? Wouldn't that be disastrous as far as you're concerned?

Mr. SCOTT. It certainly would be, yes.

The CHAIRMAN. You'd lose a lot of service. So the point is that you can't do all of these things out of ADAP if we continue ADAP as it is exactly. Now if ADAP were able to fund the full 8 percent that's going in now in the ticket tax, that would be another proposition; but we have been trying for years to get more money out of the ADAP fund, out of the trust fund, and we haven't been able to do it. We haven't been able to get this or any other administration to release funds in an amount to use up that full amount and that's why we've got a \$2.5 billion surplus in the trust fund now.

So what we're looking at here is a mechanism to save that money that that fare-paying passenger is paying at the present time and not hurt the airports in the interim.

Do either of you have any comment on that?

Mr. CAPLAN. I'd like to see that agreement or statement from the airlines that they are prepared to fund the equivalent of ADAP. I just haven't seen it.

The CHAIRMAN. Well, Mr. Ignatius testified on their behalf on the opening day and of course they didn't—they weren't writing a blank check—don't misunderstand me. The airports are going to have to negotiate with them obviously, and if the need is there I'm confident that the airlines will enter into some hard bargaining to try to take care of the needs that are essential for the airport.

On your rate analysis, it doesn't lead me to the same conclusion you present. Considering the 75-cent landing fee increase that will be passed on to the passenger, your lost ADAP would amount to an

87-cent fare increase for passengers to and from Norfolk. However, the average passenger will be enjoying a \$4.60 fare reduction so he would still be \$3.75 better off. Therefore, I would certainly conclude that your fees are not now at the maximum levels, as you stated. Would you agree with that?

Mr. SCOTT. As the general public envisions it, yes. Our problem with that fee, of course, is with the carriers in paying for the fees that you assess to them.

The CHAIRMAN. Now you said an alternative acceptable to Norfolk would be allowing you to charge a head tax. Now do I then understand that Congress can eliminate the Federal assistance program to multimillion dollar airports if we allow the airport to charge the passenger directly, but we can't eliminate that assistance if we allow the airport to charge the passenger by raising airline fees? That's the way the passengers are charged today, by the airline fee. Isn't that a more equitable method of approach rather than putting it on the passenger directly?

Mr. SCOTT. It probably is on the surface, but we're dealing with the airlines and they're the ones that would still collect the increased fare and they would still try to protect what they had collected in terms of the fees.

The CHAIRMAN. Do you have in your airline contracts a provision for a cost-benefit analysis and then if there's a disagreement you can go to arbitration with the airlines?

Mr. SCOTT. Yes, sir.

The CHAIRMAN. Well, then, I think if we eliminated ADAP and you had to raise the \$1.5 million a year from the airlines, so long as the new project was justified by a cost-benefit analysis and an objective third party was persuaded that the project was needed and reasonable, Norfolk could build whatever was required and charge the airlines. Wouldn't that be correct, if the arbitrator agrees with you based on your cost-benefit analysis?

Mr. SCOTT. Correct. Right. My concern there in an arbitration is with a project that perhaps is not at the present time directly cost-benefit to the airlines, such as I mentioned in my testimony—the general aviation, air cargo or runway extension that is needed for future development rather than a current need of the airlines.

The CHAIRMAN. Let's say you're a joint use airport and that general aviation has certain precise needs. Wouldn't that likely show up in a cost-benefit analysis?

Mr. SCOTT. In terms of the general aviation yes, but not necessarily to offset the revenue that could be beneficial from the direct ADAP program—in other words, to offset the investment of the ADAP funds or amortize it through rents is not included in the cost-benefit ratio, in analyzing the general aviation, for example.

The CHAIRMAN. Well, of course, if you separate general aviation from air carriers on a safety basis alone it would seem to me that you would have certainly a cost-benefit ratio there that would be favorable, if you're going to put improvements in to relieve some of your air carrier runways, for example, by a general aviation runway.

Mr. SCOTT. Certainly. I guess the thing that concerns me is the timing and agreeing when the timing of that should come.

Mr. CAPLAN. It sounds like you have looked at our master plan, Senator.

Mr. BARCLAY. Mr. Scott, I'd like to also point out—I don't know your particular circumstance, but it certainly isn't true that the carriers always refuse to pay for general aviation needs. In Tampa, for instance, their break-even contract is based on the operation of Tampa International and Peter O. Knight which is a reliever and Plant City Airport which is strictly a general aviation airport, not even listed as a reliever, and all three of those are tied in to get a rate base for capital improvements on which the carriers are responsible for losses at all those airports.

The CHAIRMAN. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

First, Mr. Caplan, do you have anything you'd like to add before we start the few questions that I have?

Mr. CAPLAN. No. I would just like to say this, and I'm sure that some of you are aware of it. Some years back Norfolk was among those airports in the State of Virginia that led the fight to impose a head tax and we did until we had to desist. What I'm trying to say is we have tried to pay our way and not have to depend on anybody, but that's not the way the world works today.

Senator WARNER. Mr. Scott, could you advise the committee what percentage of your budget is provided by ADAP?

Mr. SCOTT. In terms of capital that can be used, at this point it would be almost half in terms of what we are looking at in the future because our capital budget per se by our airport use agreement is limited to approximately \$100,000 a year without going out for additional revenue sources via bonds or the carriers for additional fees.

Senator WARNER. Could you detail for the committee your experience with the ADAP proposals and how responsive to your proposals the administrators of the trust fund have been?

Mr. SCOTT. We have been very fortunate in our ADAP program. Under the current program every application we have made we have received a grant. We have received outstanding cooperation from the FAA in terms of our ADAP program.

Senator WARNER. In your testimony you mentioned the need to extend your runways so that larger aircraft could utilize the facilities. What are the chances of receiving larger air cargo aircraft?

Mr. SCOTT. The chances, in our opinion, are quite good. We have had on a couple occasions carriers approach us about the possibility of establishing air cargo service, primarily to Europe, and as a result of our current runway length it does cause them some concern and they have not considered it further. On several occasions charters of cargo coming into our area have not been able to bring it into our airport because of the runway and they shipped it to and trucked it down from New York.

Senator WARNER. How much funding is needed to comply with your airport noise control plan?

Mr. SCOTT. As we now estimate it, which we have just completed, we will need to spend within the next 2 to 3 years close to \$2 million.

Senator WARNER. What do you foresee on the liability side if you're unable to adequately fund this plan?

Mr. SCOTT. Lawsuits, of which one is currently pending at the present time.

Senator WARNER. Do you have any alternative sources that you can look to for funding?

Mr. SCOTT. We do not, Senator. As I indicated, we have no opportunity to approach the local government for any additional funding.

Senator WARNER. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Scott and Mr. Caplan. We appreciate you being here.

Next we'll hear from Mr. Ronald Grear, accompanied by Mr. William Burt, counsel, Omaha, Nebr.

**STATEMENT OF RONALD B. GREAR, EXECUTIVE DIRECTOR,
OMAHA AIRPORT AUTHORITY; ACCOMPANIED BY WILLIAM
BURT, COUNSEL; AND RUSSELL KLAY**

Mr. GREAR. Good morning, Mr. Chairman.

My name is Ronald B. Grear. I am the executive director of the Omaha Airport Authority. With me here today, in addition to Mr. Burt, is also Russ Klay, who is director of administration for the Omaha Airport Authority on our staff.

I certainly appreciate the opportunity to testify on this bill, S. 1648, which we believe will product substantial benefits to Omaha and other cities of the country.

The Omaha Airport Authority was created in 1959 as an independent agency of the city of Omaha. The authority's responsibilities include the provision, operation and maintenance of adequate airport facilities for the city of Omaha. Pursuant to State law, we have no taxing power.

For 20 years, therefore, we have operated on a self-supporting basis, excepting the construction grant funds from the FAA and a modest grant program from the Nebraska Department of Aeronautics. We believe the time has come when Omaha and other airports like Omaha can and should be fully self-supporting. We believe also that S. 1648 can become the vehicle to accomplish this goal. Not only can we do without grants, we can do a better job without them.

We believe this bill will produce very substantial benefits. It will produce large savings to passengers. It will significantly increase the ability of airports to obtain the capital funds necessary to build the facilities required to accommodate the current air travel boom. By eliminating red tape, airport improvements can be built faster and cheaper with no sacrifice in quality.

The first major benefit is the substantial savings for airline passengers. The benefits can be shown by what will happen in Omaha. During the period from 1971 through 1978, Omaha received Federal grant funds that averaged \$1,300,000 per year. Currently, our entitlement funds amount to approximately \$1,500,000 annually. In contrast, we estimate that the 8 percent ticket tax will cost Omaha passengers approximately \$5,700,000 in 1979. If the ticket tax were reduced to 2 percent, only \$1,400,000 would be collected and \$4,300,000 would remain in the pockets of the Omaha passengers.

Of course, the Authority would expect to increase fees charged to airport users, primarily airlines, to obtain capital funds no longer available from Federal grants. This in turn could cause the airlines to raise fares. But assuming our capital need would remain at \$1.5 million annually and our fees were increased accordingly to offset the lost grant funds, there would be potential annual savings to Omaha passengers of \$2,800,000.

Second, although the bill ostensibly reduces capital funds available to airports, the actual effect will be just the opposite. This is a significant though perhaps unintended benefit.

The ability of an airport to raise capital funds depends on its earnings. Under the present law, the \$1.5 million in funds obtained by Omaha from Federal grants are not counted as earnings in raising capital, because they are dependent on Federal allocations. However, when we raise this \$1.5 million by increasing fees, our earned income is increased by the same amount. Our investment bankers estimate that Omaha's revenue bond capacity would be increased by \$14,300,000—an increase of 90 percent.

The CHAIRMAN. I think that's pretty significant. Repeat that statement, would you?

Mr. GREAR. Our investment bankers estimate that Omaha's revenue bond capacity would be increased by \$14,300,000—an increase of 90 percent. Therefore, if this were projected for the entire industry, it would provide a shot in the arm which would go a long way toward providing the capital funds necessary to build the facilities required to accommodate the current air travel boom.

Third, we can save time and money by the elimination of FAA approval at various stages of planning, design, and construction. Safety and construction standards are established by the FAA through regulations and advisory circulars. We would continue to meet those standards. However, there is simply no need for the FAA to duplicate the engineering functions of the airport to assure that those standards are met.

The elimination of time consuming and expensive duplication occasioned by Federal approvals will enable us to complete airport improvements more quickly and more efficiently. In these days of rapidly escalating construction costs, time saved is money saved. With wages, material costs, and interest rates steadily increasing, time lost through unnecessary Federal involvement means that the airport must incur higher costs during construction.

In summary, the net effect of this bill in Omaha will be:

First, no loss of revenue to the Omaha Airport Authority.

Second, no loss of revenue to the airlines serving Omaha.

Third, a net savings to Omaha passengers of \$2,800,000 a year.

Fourth, a substantial increase in borrowing power for the Omaha Airport Authority.

Fifth, reduced costs of capital improvements because of the elimination of time consuming and unnecessary Federal involvement.

We do have one problem with the bill as drafted. It unnecessarily continues obligations and assurances stemming from past agreements, even for those airports which no longer receive Federal funds. Those airports should be released from those obligations.

When Senator Cannon introduced S. 1648 on August 2, 1979, his introductory remarks included the prospect that enactment would

eliminate the cost of the middleman—the Federal Government. He also mentioned that acceptance of Federal funds burdened the recipient with a mountain of redtape, bureaucratic requirements, and Federal Government meddling. Eliminating that cost and being relieved of that burden are strong inducements, of themselves, to giving up Federal airport aid.

It is extremely important that a clean and complete break be made. The obligations and assurances stemming from past agreements must be withdrawn altogether. Unfortunately, the bill falls short of that mark. It provides that "the Secretary shall issue criteria and requirements pursuant to which the sponsors of airports * * * may, at their option, terminate any existing assurances, requirements, or contractual obligations * * *" It also provides for continuation of other assurances in section 23 paragraph (c)(3). We strongly urge that the bill itself include language to terminate all assurances, requirements, and obligations.

One of these obligations is of particular importance. It provides that no part of a Federal grant shall be included in the rate base in establishing fees for users of an airport. With the passage of the bill eliminating grants for larger airports, there is no reason to bar recovery by airports of depreciation on assets purchased with past grant funds. Money to replace these assets when they are worn out must be accumulated, and there is no better way than recovery of depreciation charges. This would also be an effective method to replace a substantial portion of the grant funds to be lost.

Thank you for the opportunity of presenting testimony. We think the bill represents a positive milestone in the development of airport legislation.

The CHAIRMAN. Well, Mr. Gear, I want to thank you very much for restoring my faith in the ability of the airport operators to add, subtract, multiply, and divide, not to mention the ability to demonstrate a clear grasp of fundamental economics. Your testimony is as clear a description of what we are trying to do here as I have heard. This being the last day of our hearings, I was beginning to despair and you saved me from two aspirins and a couch.

The point you raised about the increase in your revenue bond capacity that would result from S. 1648 is most interesting. It's something that we did not anticipate and I'd like to pursue it a little further.

First, can you explain the mechanism by which you arrive at your estimate of \$14.3 million increase in revenue bond capacity? Is that something that you developed yourself or did your bonding people develop that?

Mr. GEAR. Of course. In the development of a capital program you have financial advice along the way and we are involved now in the design of a substantial passenger terminal expansion. So we tested with our financial advisers or financial bankers the ability to generate funds—how much can we raise to finance this terminal building? They established an amount at that time. When this bill came up, we simply went back to our advisers and said, "Now if we had an additional \$1.5 million in earned income, what difference would that mean in the total amount we could sell successfully on the revenue bond market?" They responded with an answer in

writing to that effect. I do have a copy of that letter that I'd be happy to place in the record if you would like.

The CHAIRMAN. I think it would certainly be very helpful to our record, although I think you have explained it quite well, but if you could give us a copy for the record it would be very useful.

[The letter follows:]

KIRKPATRICK, PETTIS, SMITH, POLIAN, INC.,
Omaha, Nebr., September 10, 1979.

Mr. RUSSELL D. KLAY,
*Director of Administration, Omaha Airport Authority,
Eppley Airfield, Omaha, Nebr.*

DEAR RUSS: This is a follow-up to our telephone conversation on Friday of last week. In keeping with our discussion, I have made further calculations with respect to additional borrowing capacity of the Omaha Airport Authority. The information provided in this letter will supplement the information provided in my earlier memorandum.

I have calculated—on a pro forma basis—the effects of additional annual net revenues of \$1,500,000. (Based on our conversation, the pro forma calculation reflects, on a dollar for dollar basis, substitution of net revenues for federal capital improvement grants.) To maintain consistency in my reports to you, I have incorporated—except for the net revenue figures—all other assumptions included in my first memorandum.

Based on the foregoing, the pro forma calculations reflect estimated annual Net Revenues Available for Debt Service in the amount of \$3,900,000 (compared with \$2,400,000 used in my earlier memorandum). Maximum possible additional debt would be as follows:

1. If the first principal repayment on the new debt is deferred to January 1, 1994—\$37,600,000 (compared with \$19,800,000 shown in my earlier memorandum);
2. If principal repayment commences January 1, 1982 and combined annual debt service requirements are kept approximately equal through January 1, 1993—\$30,200,000 (compared with \$15,900,000 shown in my earlier memorandum).

I hope that the information provided in this letter will be of help to you and to the Authority as you continue your planning activities for facilities improvement. Please let me know if I can be of further help.

Sincerely,

JOSEPH SOSHNICK,
Chairman of the Executive Committee.

Mr. CHAIRMAN. I would say then, based on that, if we assume that lost ADAP would average about \$400 million a year, then new bonding authority available for the 72 large and medium hub airports after ADAP would be approximately—based on that formula—\$4 billion. In other words, more than 10 times the potential investment in airport capital improvements.

Mr. GREAR. We have not tried to expand it to the Nation as a whole.

The CHAIRMAN. I understand.

Mr. GREAR. It would be a substantially larger number.

The CHAIRMAN. But if we used your formula and based that on the lost ADAP funds of \$400 million a year which would be generated in new revenues of those 72 large airports, and applied that formula to it, it would indicate, if my figures are correct, approximately \$4 billion for increased potential investment in the airports. Do you think that Omaha is in any particularly unique position with respect to that aspect or do you think that that would be of general applicability?

Mr. GREAR. There's no doubt in my mind that we're quite common. We're not unique. The airports throughout the country with, of course, the capability of replacing the grant funds with the

revenues generated by increased fees, would follow the same pattern. They would enjoy the same benefit that we would.

The CHAIRMAN. You strongly urge a clean break from assurances and obligations stemming from past agreements. I should explain that the reason we drafted the bill allowing the sponsors to terminate at their option was because it was our understanding there were some assurances which airport sponsors wanted to keep.

Now why do you have a problem with your keeping an option on this?

Mr. GREAR. Well, I don't think we have a problem with keeping the option. My concern is that in the bill we don't know what the Secretary's yet to be issued criteria and requirements might be. They could be, in essence, no change at all. They might just reissue the same assurances and requirements that we think are particularly onerous in a couple of cases.

The CHAIRMAN. What are those? Could you define them?

Mr. GREAR. Yes. It's in the financial area. The one I described in my testimony is important. We do need to be able to depreciate all of our past investment, regardless of source of funding, Federal or local; and that prohibition now still exists under the bill. That's of particular concern. There are other reporting items on financing, although not necessarily extensively exercised, that still exist. They still lie there, particularly in the financial area. All of those pertinent assurances such as were discussed in the earlier testimony of the civil rights and handicapped and environmental are adequately covered under other legislation and under other law. Under ADAP, we seem to simply be saying over and over again, yes, we will obey that law over there. They're unnecessary, that's all.

The CHAIRMAN. All right. What is your view of Omaha's need for a head tax if you get out of ADAP?

Mr. GREAR. Well, in Omaha, we don't want to tax the passengers, I guess, first off. We want to set charges which represent a fair price for the facilities or services we provide to whoever might be using those facilities and services who would benefit, usually the airlines. We charge the airlines fees based on the cost of providing the facilities which they use. Now those fees are adjusted annually. We are not involved in a long-term contract. We may be a bit unique in that area, but there are others that are in the same position that we are. So those are adjusted annually to cover the changes that might occur in economic conditions. So we see no need to burden passengers with a separate charge to cover a portion of the cost of those airline facilities.

I guess I should add maybe, as a practical matter too, if such a thing were permitted—if that prohibition let's say were eliminated, it would I'm sure result in the airlines throughout the country placing great pressure on airports to use the tax and not increase their fee schedule. So it would amount to a legitimate airline cost being transferred from their fees over to the passenger in the form of a tax which we think is a bit onerous too.

The CHAIRMAN. Well, thank you very much, Mr. Gear. I'm certainly aware that \$1.5 million a year is important money to an airport of Omaha's size and I congratulate you and your authority on the almost unique ability among airports to put the interest of

Omaha's travelers ahead of what we certainly admit would be added business headaches for you personally in your negotiating aspect. Not only are you the same size as Norfolk who just testified earlier, but according to the FAA, Omaha got about twice as much money under ADAP in the past 9 years as Norfolk did. So you are to be congratulated on the position you are taking and on your ability to enter into some tough management for the benefit of the passengers.

Mr. GREAR. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Warner.

Senator WARNER. No questions, Mr. Chairman, but I would like the opportunity to get clarification from staff on some things at the appropriate time.

The CHAIRMAN. Certainly.

Thank you very much, Mr. Grear.

Senator WARNER. Mr. Chairman, could I just ask a question of committee counsel on this statement of the surplus? I have earlier testimony here where there was a \$3 billion surplus cited today. I think we have used \$4 billion, and then you mentioned \$2.5 billion. Are we not talking about what's actually in the Treasury which approximates \$4 billion, and \$2.5 billion represents the net which has not been committed?

The CHAIRMAN. You're correct. The \$2.5 billion is the uncommitted portion in the trust fund. The difference is actually committed.

Senator WARNER. What is the balance today, nearer \$3 or \$4 billion?

Mr. BARCLAY. The balance is a little bit over \$4 billion. The surplus, however, is \$2.5 and the \$3 billion figure comes out of the projection of the beginning of fiscal year 1981 which is when this bill would start. The surplus is projected to be \$3.25 billion.

Senator WARNER. So on the books, there's slightly in excess of \$4 billion total, of which the net figure is somewhere in the area of \$2.5 billion remaining uncommitted?

The CHAIRMAN. That's correct, and the projection at the time this bill would take effect would be \$3.25 billion.

All right. Next we'll hear from Mr. William Cox, vice president, Airport Consultants Council.

STATEMENT OF WILLIAM E. COX, VICE PRESIDENT, AIRPORT CONSULTANTS COUNCIL, INC.; ACCOMPANIED BY JAKE O'REAGAN, SECRETARY-TREASURER

Mr. Cox. Mr. Chairman, members of the committee, my name is Bill Cox, vice president of the Airport Consultants Council, Inc. With me is Mr. Jake O'Reagan, secretary-treasurer of our organization.

We are delighted to appear before you today on behalf of the council to offer our views on certain aspects of the new proposals for modifying the airport development aid program. Our member firms have been deeply involved in the planning and development of the Nation's public airport system since the earliest years of the original Federal airport aid program. Our member firms represent a significant portion of the airport and aviation expertise available in the United States today. We have been engaged by airport sponsors representing all sizes and types of airports to provide

needed expertise in the planning, design, construction, and financing of almost every project that has been eligible for ADAP funding since that program began in 1971. As such, our constituents are our clients in all 50 States, totaling more than 3,000 airport managements and administrations, who have employed our architectural, engineering, planning, environmental, and financial skills to assist them in developing the airport facilities they need in the most cost-effective and efficient manner possible.

We have carefully reviewed your own bills, Mr. Chairman, S. 1648 and S. 1649, the administration's proposals, S. 1581 and S. 1582 and H.R. 4735, as well as the separate proposal—the airport system capital improvement program—of the National Association of State Aviation Officials. We are not yet familiar with the fourth set of post-1980 ADAP proposals reportedly being sponsored by the informal group of aviation associations joined under the acronym ACCENT.

It is apparent from the bills we have seen that all are aware of the fundamental changes that have occurred within the aviation community since the last legislative debates on ADAP, stemming largely from last year's passage of the Airline Deregulation Act. Other significant changes involve the increasing level of sponsor maturity with the program, the need to conserve energy resources, the relatively high current rate of inflation, and the need to devote a greater effort to the planning and development of reliever facilities in metropolitan areas to further maximize the effective utilization of our existing airport system upon which the Nation will basically depend for the foreseeable future.

We do not intend to try your patience, Mr. Chairman, by introducing or otherwise advocating yet another set of ADAP proposals. We will limit our comments to some general observations on those that already have been introduced. We find merit in each of them, and we realize that a lot of talented and knowledgeable people—on this subcommittee and its staff, among its House counterparts, within the DOT/FAA and among the national aviation associations—have done some very careful homework in preparing these proposals. There is one point on which we can all agree I'm sure, and that is that it's essential that we not have another 2-year interruption while we haggle over the structure of the ADAP. Every month we live without any program at all translates, in our judgment, into 3 months lost in constructing new facilities.

With regard to overall funding levels, the three proposals that we have seen all seem to agree, by happy coincidence perhaps, that the total airport development funding level, at least for fiscal year 1981, should be somewhere in the neighborhood of \$700 million to \$750 million. We believe this to be an absolute minimum. With aviation's annual growth rate well in excess of 10 percent and with the annual inflation rate also well over 10 percent, there is no question that were a much larger sum made available it could be wisely spent. As of January 31 of this year, FAA's backlog of ADAP applications totaled slightly over \$1 billion, and more applications have been submitted since then. We are each aware of many more urgent projects which our clients have not even submitted to FAA in view of this backlog. We suspect the actual backlog is more like \$2 billion. It should also be noted that con-

struction costs continue to increase at an average annual rate of some 15 percent, meaning that each year's delay in completing a project can add that much to its total cost. The requirement that the minimum wage rates established by the Davis-Bacon Act be observed in airport construction has been a highly significant factor in those annual cost increases.

The proposal to drop the large and medium hub airports from the ADAP program beginning in fiscal year 1982 strikes us as conceptually immaculate as long as those airports gain access to other revenue sources. There is little doubt that most of these airports can become self-sustaining given the time to do so, and particularly those which have adopted new ratesetting mechanisms to accomplish that objective in full accordance with the original ADAP statute.

But the transition to self-supporting status is much easier said than done and we recommend that the legislation provide for a safe transition period and otherwise assure that airports are free to impose charges necessary for self-support.

One of the several results flowing from deregulation has clearly been the very sharp increases in carrier operations at many of the larger airports. To accommodate this increased activity, most of these airports are expanding their landslide facilities as rapidly as possible, within the constraints of their own financial capabilities. Construction plans and budget which may have seemed more than adequate only 1 year ago are often inadequate today.

We should like to reiterate your own expressed concern that whatever level of funds are finally authorized at the close of this debate, that same funding level should be appropriated by the responsible congressional committees. The failure to appropriate funds at authorized levels has been a major failing of the current program. We should also like to note that a number of Members of the Congress participated in the activities of the National Transportation Policy Study Commission, whose final report issued last June concluded that in a medium-growth scenario, airport capital investment and land requirements for the period 1981-85, including structures, equipment and land, would need \$6.9 billion to fulfill.

With regard to planning the airport system, once again it appears that among the several ADAP proposals there is a near unanimity of view that the planning grant program—PGP—should be folded into the ADAP and be funded as any other airport development project. We approve heartily of this. We found in every proposal to improve the ADAP a renewed emphasis being placed upon the absolute necessity to undertake airport development only after the essential planning has been completed.

Both section 10 of your bill and sections 3 (5) and (6) and sections 4 and 6 of the administration's bill place a very high priority upon the need for not only initial planning but for continuous planning of the airport system at large and for individual airport development projects and environmental impacts in particular. Each proposal also carefully notes that airport planning must be thoroughly integrated with total transportation system planning—a concept that has been urged by almost all serious transportation authori-

ties in recent years, but which regrettably has been rarely implemented and often ignored in practice.

There exists a well-known tendency among certain aviation circles to subordinate planning to construction once a project has been approved. Although it may strike some as self-serving on our part, the council wishes to go on record—and on the basis of our members' long experience with airport development—as recommending that planning be made an absolute requirement to any airport development in the new ADAP legislation, and that a requirement be imposed on all airport sponsors that their master plans and their system plans satisfy at least minimally defined qualitative criteria before they proceed to actual construction.

With regard to FAA M. & O. costs, the legislative history of ADAP is so clear to us, Mr. Chairman, that we cannot even imagine the basis for the administration's proposal to spend \$1.3 billion to \$1.9 billion per year on FAA M. & O. costs. We support the levels proposed in your bill, S. 1648, as responsible and reflective of general agreement within the aviation community.

With regard to final observations, whatever happens to the tax levels, it seems to us that the best way to erase the surplus in the trust fund is to spend the money for the purposes intended; development of the airport and airway system. The proposal for Federal sharing in projects of up to 90 percent is exactly consistent with this objective in our view. Also consistent is a generous discretionary fund to help take care of special problems and unforeseen circumstances. Care must be taken, however, to assure that the discretionary fund cannot become a mechanism for withholding moneys just as any final legislation must also specifically assure that funds appropriated but not spent in any fiscal year get added to the following year's authorized and appropriated funding levels.

Mr. Chairman, we submit that it is incumbent upon the Federal Government to enact a post-1980 program that is generous in its intent to give our citizens the best airport and airway system possible, in the most efficient and direct way possible, with the least redtape possible. After all, it is my best recollection that the money we are talking about spending was collected from aviation users in the first place.

We have views on other aspects of these several legislative proposals, Mr. Chairman, but we prefer to confine our formal remarks to these fundamental issues. We would be delighted to address any other portions of these legislative proposals should you or the members of this subcommittee have any questions for us.

We do thank you for this opportunity to appear before the subcommittee to discuss issues which have formed the core of our activities for most of our professional lives.

The CHAIRMAN. Thank you very much for a fine statement.

Why do you have doubts about the large hub airports' ability to become self-supporting by 1982? As I understand it, almost all of them have break-even contracts with floating rate clauses or have ordinances and those arrangements would seem to guarantee their ability to pass along the cost of ADAP to the airlines almost immediately.

Mr. Cox. I don't think our doubts would apply to the large hubs, Mr. Chairman. It would apply to the medium hubs and particularly those on the small to lower end of the scale.

The CHAIRMAN. So you don't think that the large ones would have any timing problem particularly and, of course, probably only a few of the smaller ones. We just heard from one of the small ones a moment ago, Omaha. How did the airports ever survive before 1970? From what we have heard from some operators, airports would turn into passenger abusive loading areas run by the airlines if we eliminate ADAP. They were able to survive, weren't they, prior to 1970?

Mr. Cox. They were, yes. There were, of course, predecessor programs to ADAP which were not as generous as the current ADAP program.

The CHAIRMAN. But, of course, the maximum was \$50 million a year for the entire country.

Mr. Cox. Yes.

The CHAIRMAN. And actually, I think that a majority of the large hubs break-even use agreements were written and signed before 1970 when the FAAP funds were totally unreliable for these larger airports.

Mr. Cox. That's true.

The CHAIRMAN. Well, I fail to see that their problem is as serious as some of them indicated that it would be under this legislation. Senator Warner.

Senator WARNER. No questions. I have one question to counsel when the opportunity arises.

The CHAIRMAN. Thank you very much, gentlemen.

Mr. Cox. Thank you, sir.

Senator WARNER. Mr. Chairman, we have had interesting testimony from Norfolk Port Authority today. Does counsel have available the amounts that each of these airports have received over the past 9 years from ADAP funds?

The CHAIRMAN. Yes; I can tell you right now if you want to know. Were you asking about Norfolk?

Senator WARNER. Yes.

The CHAIRMAN. The indication here is that Norfolk received \$6,479,000. However, that was as of June of this year and I think there has been an additional aware of \$1.5 million since that time.

Senator WARNER. How does that compare with Omaha?

The CHAIRMAN. Norfolk has received \$7.9 million. Omaha has received \$11,361,076. So Omaha received about \$4 million more during that same period.

Senator WARNER. Thank you, Mr. Chairman.

The CHAIRMAN. Next we'll hear from Mr. James F. Atkins, president, Bell Helicopter Textron; and Mr. Robert Richardson, executive director, Helicopter Association of America.

STATEMENT OF JAMES F. ATKINS, PRESIDENT, BELL HELICOPTER TEXTRON; ACCOMPANIED BY BOB RICHARDSON, EXECUTIVE DIRECTOR, HELICOPTER ASSOCIATION OF AMERICA

Mr. ATKINS. Mr. Chairman, I'm Jim Atkins, president of Bell, and I have with me Bob Richardson who is the executive director of the Helicopter Association of America.

We are here today to speak for the U.S. helicopter industry and of the crucial importance of your legislation to this industry.

The helicopter industry is at a critical point in its development, primarily because of the lack of understanding within Government on the national, State, and local levels of the capabilities of our advanced technology helicopters and the contribution that the helicopter can make to our national transportation system.

The growth of the helicopter industry and its contribution to the general public is limited today only by the lack of public use heliports in convenient places to serve the traveling public. The helicopter does not need the elaborate facilities of airports and is in fact hindered when forced into the traffic patterns at such massive and complex facilities.

Previous legislation has reflected a general perception that the helicopter has been, at best, a highly specialized piece of military equipment with minimal civil application and, at worst, a segment of the Nation's transportation system so insignificant as to not warrant any specific attention.

I am here today to dispell once and for all these misperceptions and to provide a broadened base of understanding of the requirements of our industry with the hope that you will give consideration to our industry in your forthcoming legislation.

The helicopter industry was born in the 1940's—at the time of your 1970 Airport and Revenue Act, there were less than 3,000 civil helicopters. Today, the Nation's fleet has increased to about 7,000 vehicles. We are the fastest growth element of the aviation industry at a compound growth rate of 15 percent per annum and we conservatively estimate that there will be more than 20,000 helicopters in the Nation's airspace during the next decade. We are a fledgling industry, yet we employ 100,000 good Americans.

This growth rate tends to emphasize reality. Helicopters are not toys. Helicopters are true working machines that serve not only the Nation's people transportation requirements but also the Nation's most basic needs—food supply, energy development, forestry, construction, public safety, and many others.

A helicopter transportation system, unprecedented or unequalled in the world, has been exploding in the Gulf of Mexico. Each day over 7,000 people are moved to the production oil rigs in the gulf by these versatile machines. A single Louisiana-based helicopter operator transports more people daily than the most active of all U.S. commuter airlines and owns more aircraft than almost all of the world's largest air carriers.

The Nation's public safety organizations recognize the tasks that can be accomplished by—and only by—helicopters. Daily, laws are enforced, crime is suppressed, apprehensions are made with helicopters. Daily, lives are being saved and hospital emergency rooms are accepting trauma patients delivered by helicopters. Daily, fires are fought and people are evacuated by helicopters.

During the blizzard of 1979 the only aircraft taking off and landing at the Baltimore-Washington International Airport were helicopters.

At Three Mile Island, only helicopters were capable of furnishing emergency support.

During the height of tropical storm David last Wednesday, helicopters were pressed into service for evacuation and rescue purposes.

Industry is increasingly dispersing their plants to sites that afford living space for their workers and that reduce their workers commuting needs. Helicopters in a very cost-effective manner permit industry managers to maintain supervision and control between their dispersed plants and their central offices which remain in the major financial and communication centers of our large cities.

Notwithstanding the significant and accelerating contributions of helicopters to all aspects of the Nation's transportation needs, the legislation you are considering remains silent. This is paradoxical in light of the tremendous potential helicopters offer for relief of airports and air traffic congestion.

The helicopter industry needs your consideration of legislation to direct the Department of Transportation to establish a national public-use heliport and helicopter airways plan. We need to allocate funds for city center heliports and discrete helicopter airways development on an accelerated basis; and provide funding for research and development, specifically for heliports, special airways, and separate navigation and communication systems.

Your leadership and foresight in guiding the development of a nationwide plan to foster the use of the helicopter as a segment of our total transportation system will pay big dividends to the traveling public.

Mr. Robert Richardson will now address our industry's proposals for enhancing your legislation.

Mr. RICHARDSON. Mr. Chairman and committee staff.

My name is Robert A. Richardson. I'm the executive director of the Helicopter Association of America. I represent the members of the HAA, which is an international, independent organization comprised of member companies that own and operate helicopters for hire, corporate and private transportation, and for public service.

Gentlemen, I'd like to begin by rephrasing what Mr. Atkins has said. If the helicopter industry is to ever meet the needs and expectations of the public, we must expressly recognize that helicopters and airplanes are not the same, that heliports and airports are not synonymous, and that the airways required for safe and efficient use by helicopters are not the same high altitude airways required by airplanes.

The almost total disregard for vertical landing and takeoff aircraft in previous legislation has created an increasingly acute situation with the recent quantum advances of helicopter technology. Modern helicopters now enjoy new economics and levels of comfort and speeds that are as good or better than comparable fixed-wing aircraft.

The Helicopter Association of America respectfully requests that you include in the legislation before you provisions for a national public-use heliport and helicopter airways plan, for funds for heliport and airways development, and for a dynamic associated research and development program.

We believe that your legislation should direct the Secretary of Transportation to develop, within 1 year, a national heliport and

helicopter airways plan and that the States should be directed to prepare their plans to support the national plan.

The national airport system plan was prepared in response to the 1970 act. This plan is obviously inadequate to today's needs. Only seven heliports are even mentioned in the 1978-87 version—one in Annapolis, currently nonexistent; one in Baltimore, one in Washington, D.C., currently nonexistent; and four in New York City. Nothing appears for Los Angeles, Boston, Chicago, or the Nation's other largest cities even though thousands of helicopters are within easy range of these commerce centers.

Most significantly, if a facility is not listed in the national airport system plan, it cannot be considered for Federal assistance.

Henry Ford did not wait for a highway system before he built the automobile. U.S. industry is not waiting for a national system. It is demanding helicopter production now. We must have a comprehensive national plan to insure the orderly, systematic development of public-use heliports and the linking helicopter airways. If we do not plan ahead, we will be faced with a disastrously inadequate situation similar to the one which eventually led to the forced development of our interstate highway system.

In addition to a plan, we need specifically identified funding for public-use heliport development. Current legislation that does not recognize heliport-type facilities such as urban area rooftops, floating barges, or small area facilities, has made the successful application for funds all but elusive.

Let me give you an example of what benefits can derive from a developed urban public-use heliport system. During 1978 the five public-use heliports serving metropolitan New York City handled well over 90,000 operations and about a quarter million people. Those numbers mean that over 90,000 operations did not contribute to the congestion of three of the Nation's most congested airports.

We believe that your legislation should specify that not less than \$50 million a year shall be granted for public-use heliport development.

Before I leave heliports, let me mention that I have submitted for the record a paper that states the need for a public-use heliport development assistance office.

Highly developed discrete helicopter airways should join major heliport complexes.

It is paradoxical that helicopters, which are capable of alleviating airway congestion, are now forced to add to that congestion. Helicopters can better use the airspace that aircraft prefer to avoid.

The FAA has taken a great step with the development of the Northeast helicopter corridor. We need other all-weather helicopter airways joining the population centers in the Great Lakes region, along our Pacific coastline and in the Gulf of Mexico.

We believe that your legislation should specifically authorize \$50 million a year for expenditure for establishing discrete helicopter airways.

Funds for research, engineering and development and demonstrations are also necessary if we are to harvest the full potentials that helicopters are capable of providing. For necessary investments in the future we recommend that overall research, engineer-

ing and development, and demonstration authorizations be increased by not less than \$125 billion and that this increase should be distributed as follows: \$75 million for heliports, helicopter airways, and helicopter transportation systems; \$25 million for associated noise abatement programs; and \$25 million for civil use of the Navstar Global Positioning System.

I have submitted for the record a detailed markup of S. 1648, S. 1581, and S. 1582 that would result in expressing the positions Mr. Atkins and I have stated. We know that the additions to your legislation that we have proposed will lead to a significantly enhanced future for our Nation's transportation systems.

The CHAIRMAN. Thank you very much, gentlemen, for your testimony. I must say at the outset that the thrust of your statement runs somewhat counter to the direction of S. 1648. We are trying to lessen the role of the Federal Government and let users pay for their own costs, while you're proposing to increase the Government role.

However, let me ask you a few questions. Your proposal calls for significant funding levels from the trust fund for the programs that you believe are necessary. On cost-benefit terms, what relationship is there between what helicopter operations have contributed to the trust fund and what they would receive from the trust fund?

Mr. ATKINS. I don't think we have an exact calculation of that, Senator. Our problem goes something like this. Over the years the industry has been fighting this heliport situation across the country. We have had very little assistance from the Federal Government. We have had very little assistance from the State governments. Local governments, on a case-by-case basis, have worked for heliports.

On a program that does not have Government direction, it is very difficult to establish any reasonable standards across the Nation and I'm sure you're trying to reduce the funding for airways and so forth, but maybe you accomplished with your initial funding your purpose and maybe the helicopter hasn't gotten up to that point yet and maybe an investment here—and really, we're not talking big money. We're talking seed money that would make for the establishment of a total plan for the country. Let's face it, the Department of Transportation has done very little about it. FAA is very cooperative. They license our machines. They have been helping us in developing routes and so forth, but we really need some Government direction and I think it's something that the Nation needs really because all you have to do is get on any highway you like and you don't get anyplace very fast. So an investment in the industry would contribute to the total transportation plan.

The CHAIRMAN. Well, under the current law, couldn't a heliport be considered as a reliever airport? Wouldn't it qualify?

Mr. RICHARDSON. Let me try to answer that, Senator. Reliever airports are not precise destinations where people want to go when they think about moving by helicopter. A heliport is primarily a destination in itself, if properly located, where people want to go as their ultimate destination. In the absence of a heliport, people will go to airports and they will have to ride a bus or they will have to take taxis or rent a car to their final destination. In this sense, the major airport is the reliever to the properly located heliport.

However, those with a fixed notion that a big airport is really people's final destination, then heliports certainly relieve big airports from general aviation operations at least.

Another thing is that in case of major catastrophic emergencies, the medical evacuation helicopter will be infinitely more effective operating to and from a predetermined city center aircraft landing facility than operating from a peripheral hub or reliever airport. This is a common occurrence in New York City where there are five public-use facilities in Manhattan Island alone. This is a vital example of the heliport being significantly more useful facility than a reliever airport.

The CHAIRMAN. Well, you refer to the lack of understanding of helicopter capabilities within government at all levels—at Federal, State, and local. I'd kind of find it hard to believe that nobody in the Government aviation community understands helicopters. What I'm wondering is, is it lack of understanding or disagreement with you on the part of officials that you're pointing out?

Mr. ATKINS. I think it's an industry that's really in its infancy. Actually, probably in this country this year there will be somewhere between 1,500 and 2,000 new helicopters built. You look at the number of general aviation airplanes that are built and it will be up in the 100,000 area. So the industry is in its infancy.

One reason is because of all the problems we have had to solve. As Bob mentioned before, the helicopters of today are of a different performance category, a different speed category, a different comfort category, and their economics make a lot more sense than they made 10 years ago. So our industry is really just beginning, even though we employ 100,000 people. It's only beginning and you've got to have some foresight and a lot of us that have been in this industry a long time and saw it when it was very, very small—and I guess we haven't done a good enough job in coming up here and selling our industry to the Congress. That's probably one of our great major problems.

The CHAIRMAN. That may be.

Mr. RICHARDSON. I'd like to try to answer your question further. Also, I speak to why we feel funds are essential at this particular time because the downtown or city center heliport concept is a relatively new concept. Accordingly, it needs fresh funding to encourage it and to educate the city planners to the development of such facilities, and in order to take advantage of the enhancement that the heliport will give to these communities.

Now as far as Federal agencies—and this is getting at the heart of the question you asked earlier that Mr. Atkins has answered in part. Why is it or is it true that Federal agencies in general are relatively uninformed with respect to the helicopter industry and its unique capability? The agency that we deal with more than any other in the Federal Government is the Federal Aviation Administration. In that agency there are precious few helicopter specialists. Take in the area of air traffic control, for instance. We are asking for considerable funding for helicopter airways in addition to the heliport funding that we talked about. Air traffic controllers today have very little knowledge of the capabilities of the helicopter by virtue of the fact that they will handle them when they come to major airports in almost exactly the same way—and this is true

throughout most of the country—in exactly the same way that they handle fixed-wing traffic, which means totally unnecessary clearance to a certain fix, totally unnecessary routing when direct approaches could be made to airports and save a considerable amount of time. There's very little awareness and that's some of the things that is being studied in the Northeast corridor study today, of the smaller amount of airspace needed both on airways and in holding patterns in the terminal area by helicopters as compared with aircraft. That's a partial answer to your question.

The CHAIRMAN. Of course, you're sort of in the chicken and egg situation as to which comes first, the chicken or the egg. As you know, we have been talking in Washington about a downtown heliport for some time and we have I think a proposal in one of the subcommittees of this committee to provide a heliport at Union Station. One only needs to go to Alaska and spend a little time there to find the real importance of the helicopter to a State such as Alaska and their activities. I have traveled over much of that State by helicopter and I have seen its use there in the hauling of the cargo, the hauling of lumber and getting into mining operations and so on. It's certainly used very effectively in that big State.

Mr. ATKINS. Yes, Senator, and if you visit New York downtown and see the number of helicopters that are operating out of New York downtown today, it's an amazing thing. Or take a little company like Digital Equipment up in the Massachusetts area with plants dispersed around New England and 10 to 12 helicopters tying those plants together. It's becoming a reality of today and if we had real downtown availability of heliports this thing would grow and grow and grow. So we really do need some help and assistance and anything you can do would certainly be appreciated.

The CHAIRMAN. Well, thank you very much, gentlemen. We appreciate you being here.

[The statement follows:]

STATEMENT OF ROBERT A. RICHARDSON, EXECUTIVE DIRECTOR, HELICOPTER ASSOCIATION OF AMERICA

I represent the members of the Helicopter Association of America in their quest to be recognized in these hearings as a vital and growing segment of the national air transportation system. The HAA, an international, independent organization is comprised of member companies that own and operate helicopters for hire, corporate and private transportation and for public service. Our HAA members operate in the field of agriculture, airlines, air-taxi, construction, executive transport, law enforcement, oil exploration, rescue, logging, and many other applications.

Gentlemen, I must begin by rephrasing what Mr. Atkins has said. If the helicopter industry is to ever meet the needs and expectations of the public, we must expressly recognize that helicopters and airplanes are not the same, that heliports and airports are not synonymous, and that the airways required for safe and efficient use by helicopters are not the same high altitude airways required by airplanes.

A vehicle that goes airport to airport is an airplane. A vehicle that picks up traffic accident victims and flies them directly to a roof of a hospital is a helicopter. These two types of vehicles and their ancillary requirements are significantly different means of air transportation intended for two completely different, yet completely complementary roles.

To oversimplify—an airplane lands and then stops—a helicopter stops and then lands.

The almost total disregard for vertical landing and takeoff aircraft in previous legislation has created an increasingly acute situation with the recent quantum advances of helicopter technology. For the first time modern helicopters now enjoy

new economics and levels of comfort and speeds that are as good or better than comparable fixed-wing aircraft in an increasing number of applications.

The absence of recognition of the helicopter as a unique contribution to the Nation's air transportation system in the 1970 Act has had a devastating effect on industry development for two clearly identifiable reasons. First, most of the language relating to minimum criteria for federal planning and construction funds in the Act is in the terms of the number of enplanements, takeoffs and landings and types of operations. Second is the almost total lack of recognition of any type of facility, other than an airport, as we commonly know it—comprised of a terminal, and several long straight runways. It is obviously unrealistic to expect that a roof top, downtown heliport would have passenger enplanements or aircraft operations on a par with Chicago's O'Hare. The shortcomings of attempting to such criteria are patently obvious.

To correct this, the Helicopter Association of America respectfully requests that you include in the legislation before your provisions for a national public-use heliport and helicopter airways plan, for funds for heliport and airways development, and for a dynamic associated research and development program.

We believe that your legislation should direct the Secretary of Transportation to develop, within one year, a national heliport and helicopter airways plan and that the states should be directed to prepare their plans to support the national plan.

The National Airport System plan was prepared in response to the 1970 Act. This Plan is obviously inadequate to today's needs. Only seven heliports are even mentioned in the 1978-1987 version—one in Annapolis (currently non-existent), one in Baltimore, one in Washington, D.C. (currently non-existent), and four in New York City. Nothing appears for Los Angeles, Boston, Chicago, or the nation's other largest cities even though thousands of helicopters are within easy range of these commerce centers.

Most significantly, if a facility is not listed in the National Airport System Plan, it cannot be considered for federal assistance.

Henry Ford did not wait for a highway system before he built the automobile. United States industry is not waiting for a national system—it is demanding helicopter production now. We must have a comprehensive national plan to insure the orderly, systematic development of public-use heliports and the linking helicopter airways. If we do not plan ahead, we will be faced with a disastrously inadequate situation similar to the one which eventually led to the forced development of our interstate highway system.

A national plan is essential.

In addition to a plan, we need specifically identified funding for public-use heliport development. Current legislation that does not recognize heliport-type facilities such as urban area roof tops, floating barges, or small area ground facilities has made the successful application for funds all but elusive.

Let me give you an example of what benefits can derive from a developed urban public-use heliport system. During 1978 the five public-use the heliports serving metropolitan New York City handled well over 90,000 operations and about a quarter million people. Those numbers mean that over 90,000 operations did *not* contribute to the congestion of three of the Nation's most congested airports and that a quarter of a million people did *not* add to the road congestion from those airports to downtown Manhattan. This year, activity at these five heliports show a 20 percent growth in operations and a 65 percent growth in passengers.

We believe that your legislation should specify that not less than \$50,000,000 a year shall be granted for public-use heliport development.

Before I leave heliports let me mention that I have submitted for the record a paper that states the need for a public-use heliport development assistance office.

Highly developed discrete helicopter airways should join major heliport complexes.

It is paradoxical that helicopters, which are capable of alleviating airway congestion, are now forces to add to that congestion. Contrary to fixed wing jets, helicopters are more efficient at low altitudes than at higher altitudes that characterize our current airways. Today's air traffic control practices force helicopters up into the congested airways and into aircraft holding patterns. Helicopters can better use the airspace that aircraft prefer to avoid.

The FAA has taken a great step with the development of the Northeast Helicopter Corridor. We need other all-weather helicopter airways joining the population centers in the Great Lakes Region, along our Pacific Coast line and in the high density airspace usage areas of the Gulf of Mexico.

We believe that your legislation should specifically authorize \$50,000,000 a year for expenditure for establishing discrete helicopter airways.

Funds for research, engineering and development and demonstrations are also necessary if we are to harvest the full potentials that helicopters are capable of providing. For necessary investments in the future we recommend that, between 1981 and 1985, overall research, engineering and development, and demonstration authorizations be increased by not less than \$125,000,000 and that this increase should be distributed as follows:

\$75,000,000 for heliports, helicopter airways and helicopter transportation systems

\$25,000,000 for associated noise abatement programs

\$25,000,000 for civil use of the Navstar Global Positioning System

We will provide you additional information that will increase understanding of the issues I have discussed. We know that the additions to your legislation that we have proposed will lead to a significantly enhanced future for our Nation's transportation systems.

SUMMARY

[HAA positions on Airport and Airway Improvement Act of 1979]

Planning

*Public-use heliports/discrete helicopter airways.	By Secretary of Transportation.....	In national airport system plan.
*Local public-use heliports.....	By State/local governments.....	As part of requirements for Federal airport grants.
*Heliport/helicopter noise description and abatement.	By Secretary of Transportation.....	In noise description systems development and abatement plans.

Funding (5 years)

	Million
*Public-use heliport grants	\$250
*Discrete helicopter airways.....	250
*Heliports/discrete helicopter airways R. & D. and demonstration.....	75
*Heliport/helicopter noise abatement R. & D.	25
*Civil application of NAVSTAR GPS R. & D.	25
Total.....	625

PUBLIC-USE HELIPORT DEVELOPMENT ASSISTANCE OFFICE

Rapid and orderly development of public-use heliports, particularly those located near city centers, will require a dynamic, well-supported program. State, local, and municipal governments have, in the past, experienced extensive road-blocks in their efforts to establish downtown heliports. The number of permits to construct these heliports have sometimes been so numerous that they have discouraged potential sponsors. It has been reported that as many as sixty-five separate permits would be required to construct a center-city public-use heliport in the Los Angeles area. Development of a downtown public-use heliport in Washington, D.C. has also been hampered by innumerable governmental agencies with overlapping, and not often clear, areas of jurisdiction and responsibility. Further discussions of difficulties are included in the attached article, "Looking for Approval." Such examples only serve to point out the difficulties that have been encountered in prior efforts to improve the transportation opportunities that public-use heliports represent.

A portion of the difficulties in achieving clear permission to construct public-use heliports can be attributed to a lack of education and understanding. Many people who are not involved with the helicopter industry do not understand helicopters, their safety record when compared to all general aviation, and their inherent ability to reduce congestion at large airports and on city streets.

Another difficulty in achieving a rapid development of needed center-city public-use heliports has been that potential sponsors have not had the staffs with the requisite degree of experience in governmental affairs to follow through to completion. Governmental assistance in achieving the goals of developing public-use heliports is needed.

The Federal Aviation Administration has the staff and the expertise to assist state, local, and municipal organizations.

A "Public-Use Heliport Development Assistance Office" (PHDAO) should be established within the Federal Aviation Administration. The functions of this Office should be:

To provide all possible assistance to state, local and municipal governments and to other sponsors of public-use heliports so as to insure the rapid and orderly development of public-use heliports as part of the National Airport System Plan. In providing assistance the Office will establish priorities based on need to reduce airport congestion, helicopter density by area, and already on-going development projects. The immediate goal will be to achieve operational center-city public-use heliports in each of the twenty-five largest United States cities prior to the end of fiscal year 1985. The longer range goal will be to establish additional center-city and reliever public-use heliports throughout the United States by fiscal year 1990.

In carrying out its function, the Office will develop and pursue an aggressive education program; will work closely with the sponsors of public-use heliports to overcome obstacles; will assist in planning efforts; will provide specialized expertise in heliport construction, safety, security, noise abatement, firefighting, instrumentation, communications, traffic control, financing, illumination, and integration with public safety requirements, and will specifically tailor heliport development activities to each particular city needs.

The Administrator, Federal Aviation Administration, will insure that the effectiveness of this Office will be determined based on the accomplishment of the goal stated above.

The Public-Use Heliport Development Assistance Office should be the focal point for insuring that the Heliport and Helicopter Airways portion of the National Airport System Plan is successfully executed.

The CHAIRMAN. This concludes the subcommittee hearings on ADAP and I'm hopeful the full committee will carefully consider the testimony offered and then proceed rapidly to make sure we meet the deadline of June 30, 1980, for reauthorization. I am convinced the 6-percent tax reduction is a correct way to reduce the surplus in the trust fund and I will certainly support a recommendation to the finance committee reflecting that view.

On defederalization of the large airports, I believe the testimony has shown that the concept is correct and I will continue to work with the airports and airlines to see if we can add some additional language to ease the withdrawal effects on the larger airports. I'm hopeful that the narcotic effect of 9 years of Federal funds has had on some of our major airports has only resulted in amnesia rather than mental arthritis and that the testimony of Omaha, Los Angeles, Las Vegas and Greensborough-High Point will wake them up and return their memory of pre-ADAP negotiating skills.

We appreciate all the people that have been here to testify for us and have been a great help and, by the way, I am going to write a letter to the Secretary of Transportation and request that he take a look at what you're saying here now and see if he can come up with some recommendations.

Mr. ATKINS. We appreciate that very much.

The CHAIRMAN. Thank you very much, gentlemen.

[Whereupon, at 11:20 a.m., the hearings were adjourned.]

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ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

STATEMENT OF HON. JOHN H. CHAFEE, U.S. SENATOR FROM RHODE ISLAND

Mr. Chairman, I appreciate the opportunity to submit testimony to the Senate Commerce Committee regarding legislation to provide continued safety and development programs at our nation's airports.

Aviation is a dynamic and growing industry. Just in New England alone, the number of people flying on air carriers increased from 6.4 million in 1972 to over 9.2 million in 1978.

This growth is expected to continue in the next decade. By 1990, it is estimated that over 16 million people will be flying on air carriers just from New England alone.

This regional growth will be matched nationally as well. According to estimates from the Department of Transportation, air carriers can expect to have a 70 percent increase in passenger traffic by 1990. Traffic on commuter planes is expected to increase by approximately 90 percent. Activity on general aviation aircraft is projected to show an increase of 65 percent during the coming decade.

The Airline Deregulation Bill passed by Congress has helped to fuel this increase in passenger traffic by lowering fares. It has also substantially changed the ground rules in which competition for customers take place.

I have reviewed the provisions of the existing airport and airways legislation, the new proposal put forward by the Federal Aviation Administration, as well as the legislation recently introduced in the Senate by Senator Cannon and Senator Packwood. The following comments on these legislative proposals reflect not only my concern for the impact of this legislation on Rhode Island and New England, but also my concern that this legislation take into account the growth and changes in the aviation industry that have taken place since the passage of the Airline Deregulation Bill.

First, I would like to urge the Commerce Committee to extend the authority of the FAA in obligating discretionary funds for another year. As the Committee is well aware, this authority expires at the end of September and there are many communities and aviation officials across the country who have planned on discretionary funds being available through 1980.

Second, I support an expanded definition of eligible grant activity that will include noise compatibility items and planning of noise abatement actions. Noise is a growing problem at many of our nation's airports. This is especially true in the Northeast where land is at a premium and communities cannot afford the luxury of extensive land buffers between the airport and local residents.

Third, whatever legislation the Committee decides upon should have an increased emphasis on funding for smaller airports. While the major hubs contribute a large portion of funds to the airport trust fund, they are also the airports that are most able to take care of themselves financially and to raise the funds necessary for improvements on their own. Many development and safety needs are currently going unmet at small airports across the country for lack of funds.

Closely associated with this need for increased funding at smaller airports is a better method of allocating these funds. The current system of making annual allocations of small amounts to commuter and general aviation airports does not facilitate the most efficient use of the taxpayers' money. The concept of making more money available on an occasional basis to these airports makes sense and will help promote spending on meaningful safety and development projects. It will help end the unfortunate practice of using federal funds for essentially cosmetic improvements forced on airport administrators by the current system of allocating small amounts of money on an annual basis.

Some provisions of these bills advocate a greatly reduced role for the federal government. While I understand the desire to remove much of the red tape involved in meeting requirements to get federal money, it has been my experience that regional FAA officials offer two important services that individual states should consider closely before giving up. First, FAA officials are a reservoir of expertise on aviation problems, aviation safety, and airport development. Second, regional FAA

officials have often been a mechanism for seeing that the development of individual airports in a state or region relate as much as possible to the development of other airports in that area to form an integrated system.

Finally, I am concerned that there is not sufficient leverage for the federal government to insure that the intent of the Airline Deregulation Bill is not subverted by barriers beyond the control of an individual airline.

Since the passage of the Airline Deregulation Bill, two problems have surfaced that prevent new airlines from providing service to a community.

One, the recent fuel shortage—aggravated by the allocation system based on last year's fuel usage—and the accompanying sharp increase in fuel prices have reduced the ability of many new air carriers to provide adequate service. I realize this is probably beyond the scope of current changes in the ADAP program, but it is an indication of the type of problem faced by airlines taking advantage of airline deregulation.

Two, the ability of new carriers to acquire terminal facilities is extremely important. Without access to terminal facilities—facilities of a roughly equivalent nature to those used by their competitors—carriers serving a new community will be on an unequal footing in the competition for passengers.

Mr. Chairman, my comments on these proposals have been limited strictly to the policy questions. I am aware that there will be changes required in the tax structure for funding the aviation trust fund and will address these tax related questions when they come before the Senate Finance Committee. I appreciate the opportunity to present my views on this subject.

STATEMENT OF THE AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION

Mr. Chairman and Members of the Committee: My name is Robert A. Larson, and I am Director of Transportation for the Wayne County, Michigan, Road Commission. The Commission is the operator of the Metropolitan Detroit-Wayne County Airport. I am here today representing the American Road & Transportation Builders Association.

ARTBA is a national association of businessmen and government officials concerned with the planning, design, construction, operation and maintenance of the national transportation system. Our members include construction contractors, manufacturers and distributors of construction equipment, producers and suppliers of material, planning and design specialists, transportation officials at all levels of government, and educators.

We very much appreciate this opportunity to present our views on pending legislation to extend and revise the Airport Development Aid Program. We are particularly pleased that the Chairman, Senator Cannon, has introduced comprehensive bills, S. 1648 and S. 1649, and has moved to expedite consideration of these measures. The aviation community is keenly aware of the fact that the Airways and Airports Trust Fund is scheduled to expire on June 30, 1980. Both the Cannon proposals and the Administration bill restructure the program extensively. Therefore, it can be anticipated that it will take some time for the Federal Aviation Administration to issue the necessary regulations and directives to implement the revised program. We all remember the 18-month hiatus in the program which occurred in 1975 and 1976 due to the lapse in legislative authority. Our unit costs rose about 18 percent while the program was stalled.

New Legislation Needed

We fully agree that an entirely new bill is needed to reauthorize the new program. We are pleased that this approach is being taken rather than the more cumbersome one of trying to improve the 1970 Act through amendments. We find a great deal of merit in both the Cannon and the Administration initiatives. Program simplification is surely a worthwhile goal. We applaud the effort to place more responsibility with State and local governments.

Extend the Trust Fund Ten Years

We strongly endorse the ten-year extension of the Airports and Airways Trust Fund. This is a fundamental step in providing the program with the continuity it needs. The experience since 1970 has clearly demonstrated the desirability of providing this degree of certainty for ADAP program funding. We believe that continued reliance on the 8 percent tax on airline tickets is both fair and in the public interest.

Funding Programs for Large and Medium Hubs

The proposed elimination of large and medium hubs from the ADAP program is the most far-reaching of the reforms proposed in the Cannon bills. The concept has a great deal of appeal. It holds the promise of reducing Federal involvement and instituting a straight-forward business relationship between airports primarily serving air carriers and the carriers themselves.

We are not comfortable, however, with the assumption that increases in fees paid by airlines to airport operators to make up for the loss of ADAP funds can readily be negotiated. The assumption is probably correct in some cases. However, the failure to negotiate adequate fees at even a minority of large and medium hubs could have severe consequences. The efficient operation of these larger airports is absolutely essential to system-wide performance. Many have very large capital needs, which will have to be met through bond financing. Future ADAP entitlements are an important ingredient in putting together a long-range financing plan.

In short, we agree in principle with the proposed reform. However, we have doubts as to its practicality unless some way is found to provide firm assurances that the large and medium hubs will not suffer a loss in overall funding.

Appropriate Level of Authorizations

Both the Administration bill and the Cannon bill propose levels of authorizations for the ADAP program substantially below the amounts needed to ensure proper development of the airport system. The Administration bill proposes \$700 million for ADAP in Fiscal Year 1981, increasing gradually to \$900 million in Fiscal Year 1985. This is a total of \$4 billion for the five-year period.

Needs estimates run substantially higher than that amount. One of the most conservative figures we have seen is contained in the recent report of the National Transportation Policy Study Commission. This report predicts capital requirements in the range of \$5.9 billion to \$7.8 billion during the five-year period. These projections are in terms of 1975 dollars. An inflation factor of about 50 percent must be added to translate these figures to current dollars.

It should be further noted that NTPSC places considerable emphasis on the assumption that environmental considerations will inhibit airport development. The projected capital requirements are reduced accordingly. We agree that these obstacles are serious. In many cases, however, the correct solution to the problem is to move ahead with the airport project even though environmental considerations will greatly increase the cost. In this context, the obstacles will constitute a factor of increased costs.

We therefore believe that no less than \$900 million should be authorized for ADAP for Fiscal Year 1981, with regular increases thereafter to offset expectable increases in unit costs.

Airways System Operation and Maintenance

The airports and Airways Trust Fund was established as a means of funding capital needs. In this respect, it emulated the Highway Trust Fund, which provides capital assistance, leaving routine maintenance activities to be financed by State and local governments.

We believe that the distinction between capital needs and maintenance and operations needs is a useful one. ADAP, most certainly, should continue as a program of capital assistance only.

One practical reason for making the distinction is that when funding is tight, necessary operations and maintenance expenditures take precedence over capital outlays. In other words, when both cannot be funded, the capital program always suffers. We therefore have grave misgivings as to the advisability of using the Trust Fund to support the operations and maintenance costs of the airways system.

We are opposed to increasing the level of support for airways operation and maintenance coming from the Trust Fund. If some increase proves necessary, we would suggest that Congress establish, as a firm principle, that such payments never exceed 50 percent of the level of the ADAP program.

Other Issues

We concur in the proposal to establish a special fund for the development of reliever airports within the area of primary hubs. These funds should be expended through a plan agreed upon by the operators of all of the airports in the metropolitan area. This is a highly desirable program, and the joint planning requirement seems entirely appropriate.

We are concerned about the proposed abolition of the planning grant program. It may be practicable to fold this program into the airport development grant program. However, we feel that it is important to set up some minimum amount which

will be directed to the planning effort. We suggest that two percent of the ADAP authorization, or not less than \$20 million, be earmarked for planning grants.

We fully support the principle that Federal legislation should encourage the delegation of authority to State aviation agencies where these agencies have developed the competence to administer state-wide airport grants. The Cannon bill's requirement that States proposing to administer block grant programs obligate State funds at least equal to 10 percent of the block grant is a sound one.

We are very much in favor of the proposal in the Cannon bill that ADAP appropriations remain available until expended. Such a provision is important in ensuring program continuity.

Mr. Chairman, we very much appreciate this opportunity to appear before this committee in order to express the views of the American Road & Transportation Builders Association.

STATEMENT OF LAWRENCE C. CUSHING, PRESIDENT, NATIONAL ASSOCIATION OF AIR TRAFFIC SPECIALISTS

Mr. Chairman and Members of the Subcommittee, I deeply appreciate this opportunity to appear before you and to testify on this most important proposed legislation.

Some of the points which I will address may not within themselves come within the jurisdiction of this Subcommittee. However, collectively they add up to a major obstacle and threat to aviation safety. Aviation safety, I know, is the major interest of this august body.

The House Subcommittee on Aviation held hearings during the 95th Congress on the subject of Flight Service Station Modernization (House Report 95-34). These hearings were prompted by the long and unreasonable neglect of the Flight Service System by the Federal Aviation Administration. At that time the FAA stated as follows: "We plan to initiate procurement requests early in the calendar year 1978 for the competitive procurement of computer processor systems, to be located at 14 air route traffic control centers, which will drive flight specialist terminals in at least 43 of the busiest level 3 FSS' across the country. We expect these systems to be in place starting in mid 1980, and to be fully operational in 1981."

As of today's date the FAA has not even awarded the contract for the construction of a prototype flight service station. After that award, design verification will require at least an additional twelve months before a production contract can be awarded. So you see, we continue to observe the inactivity on the part of FAA which directly relates to additional and unnecessary loss of life.

The proposed system does not even contemplate the use of dedicated weather radar for the Flight Service System but rather in some cases it provides repeater scopes from the Air Route Traffic Control System which is designed for other purposes. Even if the FAA had carried out all of its promises, the current active plan only provides for the modernization of 43 of the 292 flight service stations now in existence.

The equipment now in use at flight service stations is so old and obsolete that it is devastating to the morale of the operating personnel. Low morale provides the environment for aviation disasters.

In view of this deplorable situation on modernization, we strongly recommend that the Committee reinstate Section 22 of Public Law 94-353 and continue it in effect until the Federal Aviation Administration can demonstrate that there is a modern and viable Flight Service System in place and in operation, covering all geographical areas of the United States. We recommend the slightly different language set forth below:

PROHIBITION OF FLIGHT SERVICE STATION CLOSURES

SEC. 22. For the three year period beginning on the date of enactment of this Act, the Secretary of Transportation shall not close or operate by remote control any existing flight service station operated by the Federal Aviation Administration, except for the purpose of demonstrating the quality and effectiveness of service at a consolidated flight service station facility, not more than five flight service stations, at the discretion of the Secretary, may be closed or operated by remote control from not more than one air route traffic control center. Nothing in this section shall preclude the physical separation of a combined flight service station and tower facility, the operation by remote control of the flight service station portion of a combined flight service station and tower facility from another flight service station, or the relocation of an existing flight service station at another site within the same

flight service area if such flight service station continues to provide the same service to airmen without interruption.

The second point which is deleterious to aviation safety is the shortage of authorized positions in the Flight Service System. This relates directly to increased numbers of fatalities each year in general aviation and further contributes to the low morale of air traffic control specialists at flight service stations.

During House hearings on the FAA appropriations for fiscal year 1979 (pages 338 and 339) there appears a table which is germane to any FSS personnel discussion. This table follows:

Mr. McFall. Let us have for the record your activity increases in your flight service stations for the last ten years and the increase in personnel for your flight service stations for the last ten years

(The information follows:)

FLIGHT SERVICE STATIONS¹

[Activity and personnel fiscal years 1968-77]

Fiscal year	Total flight services (in millions)	Actual on board end of fiscal year
1968.....	37.2	4,543
1969.....	43.0	4,586
1970.....	47.2	4,545
1971.....	49.1	4,581
1972.....	51.5	4,457
1973.....	54.8	4,330
1974.....	57.3	4,471
1975.....	59.5	4,664
1976.....	59.4	4,892
1977.....	63.2	5,054

Includes flight services and on-board personnel for FSS's and IFSS's.

¹ Despite efficiencies made in FSS's through our near-term improvement plan which yielded productivity increases, and although we are still meeting a significant portion of workload demand, this demand could become more difficult to accommodate in future years. For example, a fiscal year 1976 survey involving 15 of our busiest FSS facilities indicate that "reported lost calls" average anywhere from 5-15 percent of total incoming calls. This suggests that our lost call posture could worsen. Obviously, this statistic cannot include incoming calls that were never made.

With the 1980 FAA budget justifications (page 22) we can now extend this table to a current basis:

Fiscal year	Total flight services (in millions)	Actual on board end of fiscal year
1978.....	65.8	5,000
1979.....	72.9	5,010
1980.....	80.1	5,010

Please note that from fiscal year 1968 through the fiscal year 1980 projection there is an increase of 42.9 million flight services performed and during this same period an increase of 467 personnel. This is a performance increase of 116 percent with a personnel increase of 10 percent. This is remarkable since a flight service is a one-on-one activity.

This could be hailed as the most significant management achievement in world history were it not for the footnote quoted above from the fiscal year 1979 hearings. The footnote could have gone unnoticed if it had been rich in praise for the stewardship of management. On the contrary, however, it is a prophecy of doom and despair, and claims that the system is meeting only a significant portion of the workload demand. What constitutes a significant portion is unclear.

The Flight Service System has only a minuscule capability for counting lost calls but even so, FAA admits to lost calls in fiscal year 1976 of from 5 to 15 percent. We believe it to be two or three times that amount. If these lost calls, admitted to by FAA, were flight service units, the magnitude is alarming, for in 1976 there may

have been from 2,970,000 to 8,910,000 requests for vital aviation safety information which went unheeded by the government.

The gratuitous statement at the end of the footnote leads one into the field of mystery, intrigue, and conjecture by the admission that incoming calls that were never made cannot be counted! One can only conclude that, from past experience, the customer holds the system in such contempt that he doesn't even bother to call for safety information, but flies anyway. Small wonder that general aviation fatalities are increasing to such alarming proportions.

Unfortunately, the deterioration of service is not confined solely to missed telephone calls where the pilots and passengers sit safely on the ground and where system failure results only in inconvenience. The deterioration of the system is endemic and is felt even in the most critical life support services we provide. What record is there of the radio call that goes unanswered because the part-timed flight service station is closed or when an air/ground or flight watch position is closed due to staffing shortages? The pilots and passengers who made such calls in time of desperate need may now be part of a table of statistics since aircraft emergencies are usually extremely time critical and not amenable to even slight delay.

In 1976, 1977, and 1978, in statements provided to the Congress, I pointed out the inevitable consequences of the unconscionable neglect by the FAA of the Flight Service System and other general aviation interests. While hoping against hope that my statement would be proved to be incorrect, the fact remains that they were correct:

Forty seven additional general aviation fatalities in calendar year 1976;

One hundred and twenty eight additional general aviation fatalities in calendar year 1977;

Two hundred and thirty five additional general aviation fatalities in calendar year 1978, for a total of 1,690 general aviation fatalities in that year;

The record for 1979 is only now being written but there appears to be no change in the trend.

I will state to you, clearly and unequivocally, that unless relief in the form of additional FSS staffing is provided, the general aviation accident and fatality statistics will continue to show increases. This constitutes the second major reason for low morale of air traffic control specialists at flight service stations.

My third point, which could be as disastrous to aviation safety as a midair collision, is the pay grade discrimination between air traffic control specialists at centers and towers and air traffic control specialists at flight service stations.

Prior to 1976 there existed a one-grade separation at the highest journeyman level between center/tower personnel and station personnel. Since that date there has been a two pay grade separation. The Chairman, Subcommittee on Civil Service and General Services, U.S. Senate, was joined by the ranking minority member in asking for an investigation by the General Accounting Office. On July 25, 1979, the report by the Comptroller General of the United States was published (FPCD-79-52) and two excerpts are quoted below: "Because of the possibility of widespread work slowdowns by controllers, the Commissioners intervened directly in the decision-making process. PATCO was granted a personal hearing by the Commissioners who overturned the Standards Division's position which resulted in a one-grade increase for controllers over what the Standards Division had recommended. NAATS was also granted a personal hearing, but it was unsuccessful in its appeal for higher grades for flight service station specialists."

I must say here and now that NAATS did not contemplate, coerce, or threaten the Commissioners/OPM with "widespread work slowdowns".

During these reclassification studies the Secretary of Transportation maintained steadfastly his position that air traffic control specialists at high volume FSS facilities should be upgraded. The cited GAO report sets forth the DOT position, "... we continue to be convinced that high-volume FSS facilities should be established at the GS-12 level. Nothing in the report changes this belief or resolves this dilemma." This is the third reason for the dangerously low morale of the air traffic control specialists at flight service stations.

My last point relating to dangers to aviation safety and low morale for the flight service controllers is Public Law 92-297. This law, while well intended by the Congress, has resulted in a vicious caste system within air traffic control. It is devastating to station controllers.

The law provides early retirement and second career training to air traffic control specialists at center/towers and denies like benefits to station controllers. This is a major threat to aviation safety.

The House Subcommittee on Civil Service of the Committee on Post Office and Civil Service has currently under consideration four Bills, H.R. 1262, H.R. 1781,

H.R. 3479, and H.R. 3503, to amend Public Law 92-297. With the Chairman's permission, I include as an attachment hereto the statement of the National Association of Air Traffic Specialists to the Subcommittee on Civil Service so that this Committee will be equally informed relative to this cruel discrimination.

Mr. Chairman and Members of this Subcommittee, I thank you for this opportunity to appear before you and to express our views on the important issues of aviation safety. I will be pleased to answer, to the best of my ability, any questions you may care to ask.

STATEMENT OF JOHN F. MEACHAM, AAE, GREATER ORLANDO AVIATION
AUTHORITY, ORLANDO, FLA.

I am John F. Meacham, AAE, Executive Director, Greater Orlando Aviation Authority, Orlando, Florida. The Greater Orlando Aviation Authority (GOAA) operates Orlando International Airport and Herndon Airport, and is responsible for aviation matters throughout Orange County, Florida.

By way of description of airports, Orlando International is currently thought to be either the largest "Medium Hub" airport in the United States or the smallest "Large Hub". Further, that facility is currently undergoing major expansion by construction of a new terminal to serve four Trunk Carriers. This project was financed and begun during September 1978, and had a construction budget of about \$125,000,000. At this moment, and with about \$60,000,000 under contract, we find ourselves with an ADAP shortfall of about \$10-\$12,000,000 and cost appreciation of about \$30,000,000 due to cost inflation.

By action of Congress in Deregulation of Airlines, we find that Orlando International is probably the most impacted airport in the country. New carriers operating under deregulation are: USAir, United Air Lines, Trans World Airlines, Northwest Airlines, Braniff International, and Ozark Air Lines. Additional carriers authorized to serve Orlando under deregulation are: Frontier Airlines, Continental Air Lines, American Air Lines, Western Air Lines, Piedmont Airlines, Texas International Airlines, Trans International Airlines, Air Berlin, and Air New England. Also, two commuters have commenced operations concurrent with deregulation. They are Allegheny Commuter and Golden South Airlines.

To date we have been advised by Frontier, Continental, American, and Texas International that expected capital costs of our new terminal expansion are so high as to discourage their entry into the Orlando market. Current budget estimates indicate that deregulation construction will amount to about \$70,000,000.

Herndon Airport is Orlando's reliever airport, located in downtown Orlando. It is a full service airport and has about 300 based aircraft. This airport is currently operating approximately 75 percent capacity.

It is anticipated that GOAA will embark on the development of a second reliever airport within the next two or three years.

The East Central Florida area has shown extra-ordinary growth during the last fifteen years as a result of major support to NASA activities at Cape Canaveral and the development of the attraction centers, including Walt Disney World, Sea World, Circus World, NASA Cape Tours, and Wings and Wheels Aviation Museum. This significant growth has occurred between 1969, with 900,000 enplaned/deplaned passengers and a national ranking of 67th, and 1979, with 6,400,000 enplaned/deplaned passengers and a national ranking of about 25th.

This astounding growth has been accomplished as a result of the abandonment of McCoy AFB in 1975, and the major conversion efforts of GOAA. This conversion was accomplished as a result of \$10,000,000 of ADAP and State Grants-in-Aid, and \$15,000,000 of GOAA and City of Orlando funds.

As a result of our efforts to develop a new terminal to service 20 airlines versus 4, and 48-52 gates versus current 22 gates, we find that ADAP qualified work totals \$60,000,000, and we anticipate grants in amounts of about \$10,900,000. Our current Enplanement Fund rate is \$2,100,000.

We now find that at least one new runway will be required in the time frame 1985-90, with a 1975 estimate of \$35,000,000. The FAA response to our requests for discretionary funds during the past year to finance the needs outlined above indicates to the Greater Orlando Aviation Authority that it, the FAA, is completely hamstrung in responding to any major airport program in the United States. We are currently processing about \$5,000,000 in a discretionary grant that, in effect, is current ADAP "fall-out" funds. The Greater Orlando Aviation Authority is appreciative of these funds, but this type of financial planning does not lead to orderly progress, good relations with our tenants, or even the type of relations that we attempt to maintain with the FAA.

The Greater Orlando Aviation Authority believes that the existing legislation and funding supporting ADAP has been proven to be considerably less than effective, that it does not necessarily bring funds to bear in accordance with a national system need, and has caused a marked increase in bureaucratic workload. For these reasons we strongly advise against a "Program roll-over" or a "tweaking up" of the present ADAP system. We further are seriously concerned with any concept that would divert major portions of ADAP funds into FAA Operations and Maintenance budgeting. Not only is this type of activity contrary to previous policies beginning at the end of World War II; but, further, the results are completely out of alignment where an "airport use fee" is being diverted to "airways" use and airports services are markedly decreasing and personnel being eliminated. It must be considered that the Administration has lost its "airways" user charge and is now prostituting and existing system for its own purposes.

As indicated earlier, airline deregulation has caused serious facility problems at Orlando International Airport. Because this airport had been served by so few carriers prior to deregulation, it was found to be the largest "four carrier airports" in the country and these four carriers absolutely dominate any market they desire.

The significance of the situation may be found in the current situation at Orlando where the incumbent carriers, (Delta, Eastern, National, and Republic, having 90 percent of the market) will invest about \$40.74 in capital funds for each 1982 enplaned passenger, where the deregulated new carriers (having 10 percent of the market) will be forced to spend \$200 per enplaned passenger.

Even under the market share forecasts and a major rework of facility cost by the Aviation Authority, we find that the incumbent carriers' facilities costs are \$50.00 per enplaned passenger versus the new carriers' per capita cost of \$72.22. Under these circumstances it is hard to imagine that deregulation could function properly and we would expect continued erosion of new carriers in Orlando unless facility costs can be more evenly distributed among the airlines.

The Chairman of the Greater Orlando Aviation Authority has previously testified before House Committees that the Authority believes that in the current "Spirit of Proposition 13" the proceeds from airport tax collection should be returned to that airport in a manner more reflective of amounts taxed than at present. Currently, we contribute between \$14,000,000-\$16,000,000 in taxes to the Trust Fund annually and get back \$2,000,000. It certainly doesn't make much sense to us and gives the appearance of federal bureaucracy at its worst.

In examining some of the reported facets of Senator Cannon's proposal, we believe that there is no doubt that "Small Hubs" will never be able to generate sufficient funds to fully support their development needs.

On the other hand, it is our opinion, except for extremely rare instances, Large Hub Airports have the economic base to support their capital programs. I will discuss these "rare instances" later.

Medium Hub Airports are not as easy to classify as to their needs. I believe that a few well-managed facilities could "go it alone", but the bulk couldn't.

For that reason, we strongly recommend that the 2 percent feature in the Cannon proposal be extended from Small to include Medium Airports.

We have reviewed this feature in the Cannon proposal whereby the tax would be reduced from 8 percent to 2 percent and concur with the principle. We do not understand the mechanics whereby the carriers might recapture the balance of 6 percent in the form of ticket increase, thus becoming subject to pass-through to airports by negotiation with airlines. The weakness of this is the basic airline philosophy as follows:

1. Anything not spent for airport facilities becomes profit for carriers.
2. Airlines could dilute these funds through operations, especially destructive competition.

3. Airlines could use these funds to dictate airport development as between cities, or even development priorities on given airports.

4. Full deregulation will not permit this type of fare increase to be identified.

For the reasons outlined above, the Greater Orlando Aviation Authority believes the relationship between airlines and Large Hubs should be deregulated. On the other hand, we believe that such relationships should occur over the next two to four years, thus giving a logical bridge to current activities.

This Committee should, we believe, consider that from time to time events will occur and public outcry will demand that the federal government take action, including financial, to solve what becomes major public problems.

These problems could be similar to historic events.

1. Newark Airport (Doolittle Report—1950s)
2. Midway Airport—Overcrowding

3. Virgin Islands—Runway Requirement
4. San Diego—Traffic—1979
5. Certain airport noise problems

The Greater Orlando Aviation Authority recommends that the present "Trust Fund" be apportioned to a "Distress Fund" to be administered by FAA, and renewable upon report to Congress from the balance of the 2 percent ticket tax; and, return back to the airports shares of the Trust Fund proportionate to amounts collected from each airport.

Lastly, we believe that the amount of paperwork, bureaucracy and "agency control" attendant to ADAP jobs must be reduced a major amount. On the other hand, the obligations incurred by the Authority in regard to Grants-in-Aid and Surplus Property transfers have not proven to be onerous, and in some cases have proven beneficial to the Authority.

STATEMENT OF SONNY NAJERA, ASSISTANT DIRECTOR, ARIZONA DEPARTMENT OF
TRANSPORTATION, AERONAUTICS DIVISION

Mr. Chairman, Members of the Subcommittee: The State of Arizona, thru the Arizona Department Transportation, Aeronautics Division, respectfully requests that the following comments be entered into the Congressional record as our personal experience with the State Demonstration Program for General Aviation Airport Development that we, one of four states, participated in. We hope that these few comments will be taken into consideration as you deliberate the State's full participation in the development of our nation's airports.

We agree with the assessment by the U.S. Department of Transportation that the length of the demonstration program was too short, however, we were able to adapt quickly to the "Federal" way of administering the program without lowering the standards for quality. The reason for this is that we have had an ongoing airport development program funded thru our State Aviation Fund, and we are continuously making improvements to our program. We have developed a 5-year Airport Development Program that is closely tied to our State Airport System Plan (SASP). The development of the SASP was jointly funded by the State and the FAA. The FAA has approved our latest document and has further approved a grant to update it. We intend to update it annually to insure conformity with the FAA's National Airport System Plan, Regional and local system plans, and last but not least, individual Airport Master Plans. This we feel, will insure the maximum participation of all interested parties. We are also developing FAA approved State Standards for General Aviation Airports that will give guidance to local Airport Sponsors which traditionally built airports using a combination of FAA, highway or local standards and in some cases, no standards at all.

We are also putting together an all encompassing Airport Development Manual to be provided to every Airport Sponsor, including private, and Indian airports. This Manual will contain specific items such as: how to apply for a Federal or State Grant, applicable construction standards, how to generate revenue to become self-sufficient, airport zoning, noise abatement, and so on.

We in Arizona feel that our role is to assist those airport sponsors with the greatest needs. We are not interested or convinced that major air carrier Airports in Arizona need our assistance. These Airports are well staffed and supported by the major cities that they serve so our efforts to assist would only be duplicative in nature. By the same token, other States have been administering the programs for major air carrier airports in a highly successful manner.

In conclusion, the State of Arizona expresses its gratitude for consideration of our comments.

STATEMENT OF JOHN WEST, CHIEF, DIVISION OF AERONAUTICS, CALIFORNIA
DEPARTMENT OF TRANSPORTATION

We appreciate the opportunity to present our views on legislation which will extend the current Airport and Airway Development Act beyond 1980.

Before I make specific comments on the legislative proposals I'd like to put our testimony in proper context. While we agree that the safe operation of the airport and airway system should continue to be the highest aviation priority; and that continuing airport and airway improvement programs and more effective management and utilization of the nation's airport and airway system are required to meet the current and projected growth of aviation and the requirement of interstate commerce, the Postal Service, and the national defense; we also believe very strong-

ly that air transportation programs must be more effectively integrated into the total national, State and local transportation program.

For several decades air transportation needs, funding and development have been considered as somehow separate from the rest of the transportation program. We don't believe we can afford that luxury any longer.

Both Senate bills 1648 and 1581 cover similar areas and we'll comment on each of them individually. However, in addition, Senate bill 1648 has a unique and intriguing proposal and I'd like to comment on it first. As California officials who have been fully exposed to California citizen concerns over unnecessary government through proposition 13, we find Senator Cannon's proposal to "defederalize" the airport development process for larger airports to be very appealing. However, we have attempted to look beyond proposition 13 to other broader concerns. This proposal would remove large and medium hub airports entirely from the Federal Airport program. It would affect nine major airports in California, and on balance, we believe it would be a step in the wrong direction. Our overriding concern again is that airport development must go hand-in-hand with the development of ground transportation and other public facilities. It seems only reasonable to assume that if we allow nine airports in California to plan and implement programs completely on their own that the conflict between airside and groundside planning and implementation will only get worse.

Now let me move on to proposals that appear in both pieces of legislation. The first of these concerns the funding of all operating and maintenance costs of the national airspace system. Senate bill 1581 proposes that the entire cost of operations and maintenance would be borne by this funding program and, in fact, would reduce the current surplus in the airport and airways development trust fund through this means. In contrast, Senate bill 1648 would continue the current practice of funding operating and maintenance costs from general tax revenues. We don't believe either proposal hits the mark. We're strongly of the opinion that the user of the system should pay for the system, including operating and maintenance costs. However, the national airspace system is used extensively by the military and in addition provides some level of benefit to the general public. The only question is "How much of the benefit goes to the military and the general public and how much to the commercial and general aviation user?" We propose that half the operating and maintenance costs be provided by airport and airway development funds and the other half by general tax revenues.

The second proposal in the legislation would provide for a State block grant program. We believe that such a program is badly needed and would allow State transportation organizations to provide direction for airport development funds much as they now provide direction for Federal highway and public transportation funds. Again, such a program would allow the effective integration of air transportation programs into the broader transportation program. Far too often major airside capacity increases are provided with little thought for the necessary improvements in ground transportation and other public facilities. Only two questions seem to separate us from a general consensus in this area. The first is the question of which airports would come under the State block grant program. We believe that in order to develop the integrated transportation program just described all civil airports must be included in the State program. We've heard the many arguments against such an ambitious undertaking, including Senator Cannon's remarks at the San Diego NASAO Conference. However, we are not persuaded that such a program is impossible and, as I mentioned, we believe it is absolutely necessary. The second question concerns whether local agencies would have the discretion within a State block grant program to deal with either the State or the Federal Government. We believe airport sponsors in participating States would be required to apply to the State for funding. Without this requirements, effective State administration of block grants is virtually impossible.

The third proposal would make military airports available for civil use to the extent feasible. We support a strengthening of that proposal to assure that the potential for civil use is given a full and objective analysis. It has been our past experience that the military is extremely reluctant to consider joint use regardless of whether the civilian use of a particular airport would be compatible with military use. Most military airports have public facilities, including ground transportation, already in place and most could handle joint use without compromising their military mission. We believe this is a very promising area that continues to be overlooked.

There are other concerns we have regarding both Senate bills such as the lack of administration funds for the State block grant program and too few funds in the research, engineering and development program to effectively handle airborne colli-

sion avoidance systems. But, it was our intent to concentrate in this testimony on our most serious concerns.

Finally, I would like to provide two additional proposals we do not believe have been covered adequately in the proposed legislation. The first concerns the use of airport and airway development funds for programs that are airport related but must be accomplished off the airport site. That would include ground access improvements contiguous to the airport and such potentially important items as off-airport terminals. We believe it's far better in many cases to ticket San Francisco International Airport passengers in Marin County, which is North of San Francisco, and then bring them by bus to the airport than it is to require the same number of passengers to use private automobiles which generate ground access congestion and must be parked at the airport. Unfortunately, funding for such programs is not possible under the current airport and airway development program.

The other proposal would establish a priority system for funding based on specific safety, usage and environmental factors and not just on the number of enplanements. The following proposed system is consistent with the Federal priority system for funding of other types of transportation programs and with the congressional desire for more effective management and utilization of the Nation's airport and airway system.

PROPOSED FUNDING PRIORITIES

1. Safety and environmental compatibility
2. Preservation of existing capacity
3. Effective utilization of existing capacity, e.g., through improved airport ground access and joint use of military facilities
4. Upgrade to standards
5. Upgrade to new requirements
6. Capacity increases
7. System capacity, new airports

We thank you again for the opportunity to present our views on this very important legislation.

STATEMENT OF THE NATIONAL ASSOCIATION OF REGIONAL COUNCILS

The National Association of Regional Councils (NARC) was initiated in 1967 to assist local government elected officials in organizing a rapidly growing number of regional councils.

Regional councils for the most part are areawide organizations of general purpose local governments which encompass a total regional community. They exist in both metropolitan and rural areas. Prime purposes of regional councils are to increase cooperative decisionmaking and coordination among local and state governments; to review and comment on certain federal grant applications; and to develop policies and programs to meet mutual problems and guide orderly development.

Over 600 such regional councils have been established to deal with areawide problems. Approximately 160 large metropolitan regional councils which have SMSA's of 50,000 or more in population are designated as Metropolitan Planning Organizations. As MPOs, they are the public agency responsible for planning of highways, mass transit, and airport systems.

NARC would like to commend the Chairman on his innovative, thoughtful legislation, S. 1648. S. 1648 would drastically change the present Airport and Airway Development Act as it was originally passed in 1970 by eliminating large and medium hub airports from participating in the ADAP program. As a result, the airline ticket tax would be reduced from eight percent to two percent.

NARC, too, is concerned that there is more than \$3 billion in surplus in the aviation trust fund. However, we are afraid that eliminating large and medium hub airports from ADAP will endanger the financial security of airport development funds for those airports unable to adequately raise their own revenues. Consequently, we would hope that any such revision would ensure an adequate funding base for continued federal funding for vitally needed facilities in the smaller areas, and for funds for general operation and reliever facilities in the major hubs.

The following are some observations about the effect of S. 1648 on the noise compatibility planning program and the airports systems planning program.

Recently passed Committee airport noise legislation requires that airport sponsors receive noise compatibility planning grants but exclude MPOs as eligible recipients for funding under this program. By eliminating large and medium size airports from the ADAP program, they would also be eliminated from receiving noise

planning grants and from judging the noise impacts in their development plans. Under these circumstances, we believe that the MPO should be the public agency responsible for noise compatibility planning in cooperation with airport operators to reduce noise and improve the compatibility between airports and their neighbors. The role of local governments working through the MPO becomes increasingly important, especially if large and medium hub airports are no longer recipients of the federal ADAP trust fund.

The Airport Improvement Program, as an element in the Administration's proposal and included in S. 1648, would provide additional funds for 37 of the nation's busiest air traffic hubs. Airport sponsors would jointly develop a consolidated improvement plan (CIP) and an annual expenditure program. In addition, such sponsors would certify that there is an existing airport systems plan and that the CIP is consistent with such plan and was prepared in cooperation with the public agency responsible for systems planning which is the MPO.

The establishment of a consolidated improvement plan, which we believe seeks to strengthen the airport systems planning process, may be jeopardized if the larger air carrier airports are eliminated from the ADAP program. These airports may isolate themselves or totally ignore the planning process.

Under these circumstances, we would propose modifying the planning language by providing that the three year consolidated improvement plan be developed by the MPO in conjunction with airport operators in the urbanized area. Since the MPO would continue to be a public agency eligible for the FAA funding program, it would seem logical that the MPO be the conduit for the consolidated improvement planning program.

Furthermore, MPOs, for the most part, are comprised of at least a majority of local elected officials representing local governments within the urbanized area. These communities should be involved in the CIP process since whatever project decisions are made will ultimately affect their cities.

Further, we would recommend that a set aside of the total available funds for airport grants be provided for planning. Under this proposal, the present Planning Grant Program, which is separate and distinct from the airport development funds, would be eliminated and planning funds would be combined with development money. Without any set aside, we believe planning will be a low priority for funding by the Federal Aviation Administration. FAA's past track record in funding for airport systems planning has been a dismal one.

The present Act authorizes \$15 million for airport systems and master planning. For years 1971-1978, the total amount of funding for master planning is approximately \$55 million, while systems planning to MPOs and the States totals a paltry \$17 million. Furthermore, only three MPOs representing large metropolitan areas have been receiving continuous, multi-year airport systems planning funds. Obviously, an extremely inadequate program.

The focus of Congress and the Administration this year is to provide adequate funding for the future development of vital reliever airports. In order to successfully build reliever airports, cooperation and consent of the surrounding communities are vital. This cooperation can be met through the decision-making planning process at the MPO level. An adequate amount of funding for continuous airport systems planning is necessary in order to respond to current and forecast conditions.

As an alternative to the CIP concept, NARC strongly endorses H.R. 3599 as introduced by Congressman Glenn Anderson, which would increase the present Planning Grant Program from \$15 million to \$25 million, provides airport systems planning on a continuous basis, and increases the limit of funding to each state from 10 percent to 12½ percent. H.R. 3599 emphasizes the need for a strong, meaningful airport systems planning program for local governments working through their MPO.

NARC would be willing to supply the Committee with any additional information if necessary.

STATEMENT OF BENJAMIN C. PRATT, P.E., DIRECTOR, DIVISION OF TRANSPORTATION,
LEE COUNTY, FLA.

My name is Benjamin C. Pratt, a registered professional engineer. I am Director of the Division of Transportation in Lee County, Florida.

One of our early winter residents was Thomas A. Edison, who said "There is only one Fort Myers and 90 million people are going to find it out." What he neglected to say was that having discovered Fort Myers, the 90 million people would try to fly into it.

The Florida Airport Systems Plan (FASP) and the National Airport System Plan (NASP) have both identified the need for a regional airport in Southwest Florida. Indeed, our air traffic at Fort Myers has by our records grown from 115,000 enplaned passengers in 1972, when we really began to realize that we were facing a serious problem, to 344,000 enplaned passengers in 1978. You realize here that this means we handled nearly 700,000 total passengers enplaned and deplaned. The current projection for the year 2000 is 4,850,000 total passengers annually. Our practical annual capacity (PANCAP) in Fort Myers is 160,000 aircraft operations annually, and we expect to exceed this in 1981. This spells aircraft delays and increase air safety problems. As a matter of fact, our airport holds the rather unenviable world's record for non-radar controlled operations in a single day.

With the help of the Federal Aviation Administration (FAA), the Florida Department of Transportation (FDOT) and neighboring counties, we undertook a site selection study and determined that we must build a completely new facility in order to satisfy the aviation needs of our five county area in Southwest Florida. Again, with the help of FAA, the FDOT and substantial local tax funds, we completed our Environmental Impact Statement (EIS). It was approved in 1978. Indeed, it is the only EIS in the country to have been approved for a new air carrier airport under the Environmental Protection Act of 1969. Presently, we are completing the land acquisition phase of our program and are actually under construction with the access road to the airport. We are moving dirt! This was no small chore. When I started this process, my hair was a beautiful shade of brown.

Our financial study showed that even with the strong financial commitments of available local dollars, the FDOT and the participating airlines, we would still need the assistance of substantial FAA discretionary money if we are to build this airport and to satisfy the requirements of the Florida and of the National Airport Systems Plan.

We were fortunate in obtaining \$8.3 million in FAA discretionary money in the 1978-79 fiscal year which is being used for land acquisition, utilities relocation, access road construction, and some engineering design. The FDOT has committed nearly \$3 million to this project while every cent of our county airport enterprise fund not needed for operation and maintenance of the existing facility is also committed to this project. The Lee County Board of County Commissioners has laid it on the line and is committed to the FAA and the people of the county to build this airport.

Our concern is that in light of the proposed 1980 ADAP law as revised, discretionary funds are budgeted but not authorized for disbursement. We strongly support HB 2440 which removes the prohibition on the use of discretionary funds and actually authorizes the disbursing of the discretionary funds. If HB 2440, authorizing the disbursement of discretionary funds, is not passed, we will not be able to realize the \$8,520,000 we require in FY 1980, the amount necessary for the continuation of our project, which is presently under construction. Indeed, it is the only new air carrier airport in the United States that is under construction. In light of environmental and regulatory constraints, it is quite likely this will be the only new airport built in this country in the next 20 years.

In addition, we ask for a flexibility in the post-1980 ADAP law that will permit the disbursement of discretionary funds for projects such as ours. We will require \$4,395,800 in FY 1981 and 1982 to complete this project. In addition to committing our total entitlement monies, we have examined every known source, and in the case of small airports such as ours, discretionary money is the only method we find that can satisfy the crushing aviation needs of Southwest Florida. We must clear a situation where there were 140,000 aviation operations this past year at marginal flight minimums and with residential or commercial development in every approach quadrant and clear zone. (See attached photo.)

I have spoken of 140,000 aviation operations this past year, and this was with only two major air carriers and an intrastate line. In December of this year we will find ourselves with six major airlines and two intrastate carriers. These carriers have signed Use Agreements with us and have posted definite flight schedules. This is no dream, but it might be a nightmare.

We need the additional discretionary funds to complete the Southwest Florida Regional Airport and handle the projected 220,000 aviation operations within our county airports system. As pointed out before, our existing facility has marginal flight minimums and residential or commercial development in every single approach quadrant and clear zone.

In conclusion, we ask that the 1980 appropriation authorize disbursement of \$8,520,000 from discretionary funds, the amount necessary to continue the construction of the Southwest Florida Regional Airport. Further, we ask for flexibility in the

post 1980 ADAP program that will allow disbursement of discretionary funds for projects at small airports such as ours where entitlement funds are insufficient to handle these projects. This is absolutely essential if we are to realize needed system capacity improvements.

Thank you for your interest. May you all be one of the 90 million flying safely into the new Southwest Florida Regional Airport.

STATEMENT OF BENJAMIN H. BEST II, ASSISTANT DIRECTOR, DEPARTMENT OF
AVIATION, CITY OF HOUSTON

INTRODUCTION

Mr. Chairman and Members of the Committee, the City of Houston, through its Department of Aviation, welcomes the opportunity to participate in the most comprehensive examination of airport and airway requirements to be undertaken in a decade. The issues facing this subcommittee concerning continuation of airport and airway development financing affect the very core of this nation's air transportation system. Congress' determinations on these important airport issues are inextricably intertwined with the success or failure of the deregulation policies set forth in the Airline Deregulation Act of 1978.

The City of Houston strongly supports the continuation of ADAP funding for large and medium hub airports. Any new ADAP legislation should reduce the level of Federal supervision, control and requirements to the greatest extent possible to eliminate offsetting the unnecessary costs. Without Federal funding of large and medium airport improvements, cities such as Houston will be unable to raise the necessary funds to support capital improvements to their airport systems. The failure of the airport system to expand and keep pace with air carrier growth will produce a fatal constraint on the competitive goals and objectives underlying the Airline Deregulation Act of 1978.

Consequently, we cannot support the adoption of S. 1648. In the alternative, if Congress determines not to continue ADAP funding for large and medium hub airports, legislation must be passed to permit airports to generate capital improvement revenues from sources independent of the air carriers; authority that such sponsors in fact possessed prior to the passage in 1973 of section 1113 of the Federal Aviation Act (Pub. L. 93-44).

DISCUSSION

The City of Houston owns and, through its Department of Aviation, administers two major airport facilities—William B. Hobby Airport, a medium hub airport, and Houston Intercontinental Airport, a large hub airport. In terms of passenger enplanements, Intercontinental ranked 15th in the country and Hobby ranked 33rd. These facilities provide domestic and international air transportation services to millions of passengers each year.

The Houston Metropolitan area is the leading growth center in the nation. Relatively speaking, this growth has been of fairly recent vintage. Until the passage of the Airline Department Act in October 1978, Houston has suffered from regulatory neglect by the CAB as far as route authorizations were concerned and did not obtain its fair share of new services.

The Deregulation Act ended all that. Once the licensing barriers were eliminated, new carriers ventured into the Houston market and incumbent carriers have substantially increased services. Since passage of the Deregulation Act, Houston has four new certificated carriers and four new commuters serving the city. Two other carriers are anticipated before the end of the year. Traffic also has grown enormously at both airports. Intercontinental's passenger traffic increased by 15.8 percent over the previous year while scheduled arrivals and departures increased 12.5 percent over the prior year. In July, passenger traffic at Hobby increased by 59.3 percent over the July 1978 levels and scheduled arrivals and departures at Hobby leaped by almost 75 percent over 1978 figures.

The result of the infusion of new services, carriers, passengers and cargo has brought Houston's airport facilities to the saturation point. Over the next five years, Houston anticipates capital improvement projects totaling over \$450 million, all of which are critically necessary to handle current and conservatively projected future needs at both of the City's airports.

We estimate that between one-half and one-third of the projected capital costs are ADAP eligible under current law, 75 percent of which (or approximately \$160-170 million) would be subject to funding by the Federal government.

I cannot overstate how wrong it is to assume that funds of this magnitude (which must be multiplied by the capital needs of all other large and medium hub airports throughout the country) can be generated solely from the airlines; the economic incentives for the air carriers to underwrite such costs simply do not exist. It is Houston's belief that most airports throughout the country, except those mature airports that have relatively limited growth requirements and objectives, will be unable to keep pace with anticipated increases in traffic and service, which have been spurred by a more liberalized regulatory environment and, in Houston's case, by a rapidly growing local economy, without continued infusion of Federal airport development support.

AIRPORTS CANNOT RELY ON AIRLINES TO PICK UP THE TAB

Like a number of airports throughout the country, Houston has long term contracts expiring in 1997 with the airlines serving the city. The incumbent Houston carriers that have been serving Houston for carriers that have been serving Houston for years have essentially leased or committed to leasing all of the space they will need to meet their immediate and future needs, and have contracted all of the terminal facilities at the airports. New carriers, therefore (both large aircraft operators and commuter), are currently unable to get space of their own and must sub-lease space from incumbent tenants. Houston is planning to meet this need by constructing new terminal facilities. Under existing ADAP law, we can anticipate the allocation of 60 percent of the entitlement funds available to the City to assist in the financing of these terminal projects. Loss of such substantial funding would have an adverse effect upon the financial feasibility of these planned projects. In such circumstances, it is obvious that the incumbents have no incentive and will not consent to finance major capital improvements that will primarily benefit their competitors, indeed, that have every incentive to shut out the competition by keeping the status quo. The new carriers entering new markets would be foolish to risk underwriting permanent capital improvements at airports when, in a highly competitive environment, their newly instituted services may be of limited duration.

The result of relying on carrier financing of airport development will create a severe constraint on new competition nationwide, undercutting the very foundation and purpose of the Airline Deregulation Act, the Act that created the opportunity for these new services and new entrants.

The following is another simple illustration of the problem. Houston is considering the construction of a badly needed 10,000 foot parallel runway to be built sometime between 1987 and 1990 at a cost of over \$100 million. If current ADAP law prevails, the carriers will know that 80 percent of the cost will be financed by the Federal government and will willingly concur in the inclusion of this capital investment in the landing fees to be paid by the carrier. If S. 1648 is adopted as written, however, the Federal government will not pay one penny and all of the costs will have to be financed by the carriers. As a result, the landing fee costs to the carriers could raise from the current 40 cents per thousand pounds to as much as \$1.40 per thousand pounds, an astronomical increase.

Even assuming that this increase can be made up by increasing consumer fares by as much as 6 percent, the incumbent carriers still have no incentive to agree to a project that which will enhance competition. A further anomaly of the "carrier funded all" approach becomes apparent in considering the basic mechanics of such a system. Obviously, the carriers will fund capital improvement projects through increases in their fares, which they themselves will collect and deposit in their corporate coffers. It will then be up to the carriers, in their respective corporate wisdom, to determine which cities are important to them and thus eligible for this Congressionally imposed funding source to their enhancement, but to the potential detriment to cities such as Houston. The result will be no new terminal facilities, no new changes to airfield facilities, and the indirect (and unintended) creation of monopoly power in the incumbent carriers. Any such result will defeat the whole purpose of the airline Deregulation Act in its very infancy.

Moreover, it is erroneous to assume that during the next five years the reduced ticket tax will provide enough room for airlines to increase fares to cover these vast airport capital costs throughout their respective systems. Cost inflation is so extreme (and will be so in the foreseeable future) that any margin available to the carriers will be eaten up by increased fuel, labor, aircraft acquisition and other operating costs. The carriers will be extremely reluctant to agree to underwriting airport construction costs that will impose additional burdens on the traveling public in the form of higher fares, and be to their competitive disadvantage. The consequence may be that carriers will be encouraged to concentrate their services at mature airports that are not undergoing major expansions as a way of minimizing

operating cost. This would create artificial service distortions in the air transportation system causing more service to be provided where it is not needed, and less service where it may be needed most.

This brings me to a related point. S. 1648 would create a terrible competitive disadvantage to developing cities, like Houston, vis-a-vis more mature cities that have already completed their long term airport projects and have no land on which to expand. Obviously, carriers will be more attracted to airports that have lower costs—made possible by already committed Federal ADAP money—than to airports that are now in growth and construction phases and that will (under S. 1648) be unable to get Federal money.

Now is definitely not the time to de-federalize airport development. Houston urges Congress to let the effects of the recently enacted Airline Deregulation legislation reach its air carrier service/airport capacity equilibrium and, during the 5-10 year transition to a fully competitive marketplace, permit all airports, large, medium and small, to continue to receive ADAP funds.

IF LARGE/MEDIUM HUB AIRPORTS ARE NO LONGER ELIGIBLE FOR GRANTS, THEY MUST HAVE IN THEIR REVENUE GENERATING ARSENAL THE ABILITY TO IMPOSE PASSENGER FACILITY CHARGES TO FINANCE AIRPORT DEVELOPMENT

While Houston prefers continuation of the current ADAP program, if large and medium hub airports are no longer entitled to Federal grants, they should at least regain the power to impose passenger facilities user charges to generate revenue. Until 1973, state and local authorities had the power to impose passenger facility charges. See, *Evansville-Vanderburgh Airport Authority District et al. v. Delta Airlines, Inc. et al.*, 405 U.S. 707, (Apr. 19, 1972). In that case, the Supreme Court ruled that states and cities could constitutionally impose a reasonable charge on interstate and intrastate air passengers in order to underwrite airport operational and developmental costs. When the Airport and Airway Development Act was amended in 1973, proving for substantial increases in Federal participation in airport construction, Congress determined that there should not be a double tax imposed for airport development—a local “head” tax on passengers and a uniform Federal ticket tax. As a result, Congress passed Public Law 93-44, which prohibited local and state authorities from imposing a passenger facilities charge. Comments in the Senate Commerce Committee Report No. 93-12, February 1, 1973, are instructive on this point:

In accepting a greater Federal role and responsibility in airport development the Committee has also acted to prohibit local taxation on passengers or on the carriage of passengers. We believe such taxation to be inimical to the development of a national system funded in large part by uniform Federal taxes. Currently, some disagreement exists within the Administration as to whether the Committee action increasing Federal participation in airport development is warranted at this time. The Committee, however, is convinced that it is.

Nonetheless, the Committee views S. 38 as an aviation development package—the components of which cannot be separated. We believe that if the prohibition on local head taxes was not a part of the total new program, there would be need to re-evaluate the increase Federal funding for airport development project called for in S. 38. If local taxes on passengers and air carriers are allowed to proliferate nationally and are to become a major factor in financing major airport facilities, then there is obviously less need for a Federal airport development program. If local head taxes become a significant airport funding mechanism the public interest may well require a reduction in Federal user taxes and a diminution of Federal participation in airport development projects.

Therefore, by prohibiting state taxation on passengers or on air transportation, the Committee has accepted greater responsibility for U.S. assistance, believing that the two actions must be viewed together and that neither should stand alone without the other.¹ (emphasis added.)

The Department of Transportation observed that “we note that head taxes have been imposed at a growing number of locations, and we are not aware of this causing any disruption of interstate commerce or any other serious problems. Hence, we continue to believe that an outright prohibition should not be enacted.²

It is clear, therefore, that the prohibition against the imposition of a head tax was inextricably interconnected with Federal funding of airports. To repeat the language of the Senate Report, “the two actions must be viewed together and . . .

¹ 1973 U.S. Code Cong. and Ad. News at 1455.

² Letter from James M. Beggs, Acting Secretary, Department of Transportation, to Hon. Warren G. Magnuson, Chairman, Committee on Commerce, U.S. Senate (Jan. 23, 1973), 1973 U.S. Code Cong. and Ad. News at 1457.

neither should stand alone without the other." Since S. 1648 is proposing to eliminate funding of large and medium hub airports, there is absolutely no sound basis in law or in fact for prohibiting such airports from imposing passenger facility charges.

THE EXISTING FEDERAL/LOCAL ADAP RELATIONSHIP SHOULD BE RETAINED IN ORDER TO PROMOTE THE EFFICIENT AND UNIFORM DEVELOPMENT OF A NATIONAL AIR TRANSPORTATION SYSTEM

Houston opposes distribution of ADAP funds by state and local authorities and would retain the existing Federal/local ADAP relationship. The purpose of promoting the development of the nation's airport and airway system is best accomplished by administration of the program on a national level. There is a synergism to the national airport scheme which makes the whole much greater than the sum of its parts. As such, a national air transportation system cannot be effectively developed if disjointed actions by the various state governments are allowed to guide a airport facility development.

For several years the Federal government and the FAA in particular have been developing rules, regulations, orders and methodologies for the disbursement of ADAP funds. Therefore, the Federal government not only has the technical expertise but also the manpower needed to implement and direct the ADAP program. It is not clear that the state governments currently have or could efficiently develop the technical expertise required to administer the ADAP distribution functions. Even if the states could develop the appropriate expertise it would create an enormous waste of time and resources as a result of the state governments needlessly retracing steps already taken by the Federal government. Further, problems that may be common to all states would then have to be answered on a state-by-state basis with no guarantee of uniformity. Without uniformity one could not ensure the development of an efficient national air transportation system.

The problems inherent in any delegation of the funding authority to the various states would, in any event, require at a minimum, Federal monitoring of the ADAP disbursements. Rather than lessening the present administrative burden, we think it likely that the Federal burden would increase.

Furthermore, state or local disbursement of ADAP funds would subject the program to possible partisan political and regional biases that otherwise would not exist. States might tend to favor small over large airports for any number of different reasons that would not necessarily foster the development of a national air transportation system. If large metropolitan airports find themselves without needed ADAP funds under a state/local authority distribution plan, it may force cities to seek other avenues to acquire funds such as, perhaps, the imposition of a head tax or other surcharge.

Finally, any proposed state/local distribution program, if tried at all, should be done on an experimental basis in a limited number of smaller states which have well-developed state aviation programs.

AIRPORT OPERATORS SHOULD HAVE GREATER DISCRETION IN THE USE OF ENTITLEMENT FUNDS

The City urges that no limitations, such as the present 60 percent limitation on the use of ADAP funds for development of nonrevenue-producing public use areas, be placed on the use of ADAP funds. Rather, airport authorities should have the flexibility and discretion to channel funds within their systems as needs arise.

An important aspect of the development of a national air transportation system is the realization that each airport experiences unique problems. The general requirements currently placed on project approval for ADAP funding provide enough guidance to assure the appropriate disbursement of Federal monies consistent with the objectives of the Act. While further restrictions could be imposed statutorily to cover numerous different situations, such action would be imprudent. It could only serve as an obstacle to individual airport development, thus frustrating the goal of a national system.

EXISTING COST-SHARING RATIOS SHOULD BE MAINTAINED

The United States government/local government project cost sharing ratios should be carried forward as they presently exist. The policy of giving a greater percentage of Federal funds to medium-hub airport is extremely important to creating the balanced air transport system envisaged by the ADAP Act. Furthermore, we urge that the United States share of project costs for medium-hub airports be kept

at the 90 per centum level and not dropped to the 80 per centum level as the current ADAP legislation provides.

The maintenance of greater funding for medium-hub airports is demanded by simple economics. Because of the lower volume of activity at smaller airports it takes more money per enplanement to maintain existing facilities and to build new ones than at large airports. Moreover, the large-hub airports will, by virtue of size alone, be able to more easily procure other funds necessary for airport development, whether by outside financing or otherwise.

CONCLUSION

At stake in this deliberation is the success or failure of Congress' commitment to a competitive air transportation system. The airport system needs to get over the transitional hump from the tightly regulated environment to one regulated primarily by market forces. In our view, the objectives and goals of airline deregulation will be stillborn if S. 1648 is adopted. Airports need continued Federal funding through the transition period. They cannot rely on the air carriers to underwrite capital improvements because there are no economic incentives for them to do so. If Congress decides to terminate ADAP funding for large and medium airports, it must modify section 1113 of the Federal Aviation Act to allow state and local authorities to obtain financing directly from the user through passenger facility charges.

STATEMENT OF THE NEW JERSEY DEPARTMENT OF TRANSPORTATION

The New Jersey Department of Transportation (NJDOT) has reviewed the Administration's post-1980 Airport Development Aid Program (ADAP) bill, the National Association of State Aviation Officials' (NASAO) proposal and Senator Cannon's bill (S. 1648) for Airport Development during the 1980's.

The Administration bill contains several provisions which are of primary concern to New Jersey. The bill proposes to spend \$6.6 billion over the FY 81-85 period for airport development. In addition, \$8 billion is authorized to fund maintenance and operation expenses and the full cost of the Federal Aviation Administration's operating budget. The bill would also: create three new funding categories for airport development consisting of primary airports, primary hubs around the primary airports, and a block grant program administered by the states; provide funds for the development of privately owned, public-use reliever airports within the primary hubs; impose a 6 percent tax on the sale of new aircraft and avionics; and change the present fuel tax of 8 cents per gallon on gasoline to a 10 percent tax on all fuels.

The NASAO proposal establishes simpler funding categories than the Administration bill. These funding categories include the 100 largest air carrier airports, the remaining 520 airports served by air carriers and the 2,300 general aviation airports listed in the National Airport System Plan (NASP). The distribution of federal funds to the latter two classes of airports would be administered by the states. The NASAO proposal permits the funding of privately owned, public-use airports, identified in the NASP, and establishes a new funding category to relieve congestion at urban airports. With respect to finance, it reduces the commercial ticket tax in two increments, while levies on general aviation would remain at current levels. This would result in a reduction in the Trust Fund surplus.

The Cannon proposal (S. 1648), while retaining much of the language contained in the Administration's recommended legislation, contains some major changes. In particular, it provides for cutting the 100 largest enplaning hub airports out of the federal program beginning October 1, 1981, reduces the airline ticket tax from 8 percent to 2 percent on July 1, 1981, and requires that states receiving block grants contribute 10 percent state money to projects funded under the program.

Based on our review of the foregoing proposals and upon our broad experience in New Jersey aviation planning, engineering, aircraft registration, licensing and inspection, we have formulated the following objectives which New Jersey will be seeking in post-1980 ADAP legislation:

1. Preservation of the privately and publicly owned, public-use airports through adequate Federal funding, particularly for reliever airports in the largest hubs with more than one primary airport;
2. Provision of adequate Federal money for navigational and other safety aids;
3. State administration of all airport program administration and grant approval other than at primary airports to ensure proper statewide aeronautical growth;
4. Provision of new funds to improve ground access at urban airports so as to reduce congestion and energy consumption; and

5. Utilization of the Airport and Aviation Trust Fund (Trust Fund) surpluses to provide greater funding of present needs and for additional programs, such as those aimed at relieving congestion in, over and around primary airports.

NJDOT strongly supports the NASAO proposals with minor exceptions and believes that these proposals will result in a better and more efficient airport system within the United States. In particular, we believe that NASAO's proposed funding levels for its Airport System Capital Improvement Program properly reflects the funding requirements for a post-1980 airport development program. However, since NASAO has not yet offered any legislation implementing these proposals, NJDOT suggests the following changes to the Administration bill in order to carry out the foregoing policies.

A. Preservation of Existing Aviation System.—We have a unique national asset in our existing system of privately and publicly owned airports. The continued viability of these airports can be accomplished by the following:

1. Funding of All Public-Use Airports

We agree with NASAO that the orderly development of public-use airports, whether privately or publicly owned, as identified in the National Airport System Plan (NASP), is an important goal and therefore such airport should be eligible for funding. The Administration bill does not include all privately owned, public-use airports in its funding program. Private reliever airports are the only privately owned airports which are eligible for funding. NJDOT recommends that privately owned, public-use airports which are relievers be included within the primary hub funding program while all other privately owned, public-use airports be included within the block grant program. This would insure that all public-use airports in and outside of the hub would be developed according to the best interests of the state and the primary hub.

2. Primary Hub/Reliever Airports

We support the Administration's proposal to provide funding to reliever airports in the primary hub. Its bill places a \$5 million limit on the amount available for the development of public-use airports within any primary hub. This limitation is unrealistic for hubs which contain more than one primary airport and cover two or more states. For example, the New York Metropolitan hub has three primary airports and covers New York and New Jersey. Specifically, we recommend that where a primary hub encompasses more than one state and covers a population comparable to that of the New York Metropolitan area that the appropriate area surrounding each primary airport in each state be treated as a separate hub for purposes of the \$5 million limit.

3. Acquisition/Land Banking of Airport Sites

The present program of airport development includes funding for the acquisition of endangered private airports. However, the Administration bill which supersedes the present program does not include this program but instead permits the acquisition of land for the purpose of improving or constructing the public-use airport. It is our position that not only should the Administration bill continue this important program of permitting the acquisition of endangered private airports, but it should expand this category to include the acquisition of vacant land which has been identified in a State Airport System Plan as a site for future development of a public-use airport. We also believe that alternatives such as long-term leasing should be included in this category. Broadening the category for airport acquisition to include these recommendations will greatly assist states in accomplishing their goal of uniform airport development within their boundaries.

B. State Administration of Airport Development Program.—NJDOT agrees with NASAO's proposal that public-use airports other than the 100 largest air carrier airports should receive Aviation Trust Funds under the exclusive sponsorship of the states. This would allow the states to develop properly airports within their boundaries in conjunction with a State Airport System Plan and the NASP. State Administration can be enhanced by:

1. Exclusive State Sponsorship of the Block Grant Program

We believe that reliable planning and orderly airport development can be best achieved through state sponsorship of projects funded through the block grant program. Therefore, NJDOT opposes provisions in the Administration bill that would allow airport sponsors the option of not participating in the block grant program and instead applying directly to the FAA.

2. Eligibility Criteria for State-Sponsorship of Public-Use Airport

NJDOT concurs with the Administration bill's eligibility criteria for state sponsorship of public-use airports. We do not agree with NASAO that a state's eligibility should depend in part upon a prior record of state participation in airport development through an airport aid program. The State of New Jersey currently has no state aid program for airport development, but it has gained valuable experience in airport development through its "channelling" program. Under this program, airports applying for federal funds must submit their applications for review and approval by NJDOT. As a result, we have over the years gained sufficient experience in administering airport development projects which qualifies our Department to participate as a sponsor in the post-1980 ADAP.

C. Ground Access at Urban Airports.—Since 1970, the construction program funded by ADAP has successfully contributed towards meeting the required airside capacity needs of the 100 largest airports. However, in many urban areas congestion in and around airports has prevented the public from getting to and from the airport conveniently. We, therefore, support the NASAO proposal that ground access improvements, either on or off airport property, designed to improve highway and/or public transit access to airports, should be a separate funding category financed through the Trust Fund. We believe that such a program should make ADAP Trust Fund monies available to State DOT's or local transportation authorities to fund highway or public transportation projects that will provide ground access to airports. Such a program will not only reduce congestion, but service to decrease users' gasoline consumption and insure that airports are more fully utilized.

D. Trust Fund Finances and Taxes.—NJDOT believes that any Trust Fund surpluses should be used to provide greater funding for existing and new programs that will result in a better airport system. Our specific recommendations are:

1. Opposition to Reduction in Tax on Airline Tickets

It is NJDOT's position that because of an existing backlog of program needs, there should *not* be a gradual reduction of the Trust Fund surplus through a decrease in the passenger ticket tax rate. Rather, there should be fuller utilization of these funds for existing and new programs including projects which support the relief of urban congestion in and around airports, including highway and transit improvements to improve ground access, expansion and improvement of reliever airports, and preservation through acquisition or long-term leasing of privately owned, public-use airports for sites suitable for airport purposes.

2. New Taxes on General Aviation Users

NJDOT is opposed to any new taxes (as proposed in the Administration bill) on general aviation without demonstrable new program benefits to general aviation users.

3. FAA Administration Funding

The Administration bill proposes to provide the full administrative costs of the Federal Aviation Administration from the Trust Fund. NJDOT believes this to be an inappropriate use of the Trust Fund; rather, the Trust Fund should be used for the development and improvement of a national airport system. We should note that we agree with NASAO's proposed funding level for operation and maintenance—approximately \$800 million a year—as consistent with the funding needs for public-use airports. The FAA's administrative budget should continue to be supported by general revenues.

STATEMENT OF JAMES R. PHILION, PRESIDENT AND MANAGING DIRECTOR, AIRLINES PASSENGERS ASSOCIATION, INC.

Mr. Chairman, and members and staff of the Committee, I am James R. Philion, President and Managing Director of the Airline Passengers Association, Inc. ("APA"). Accompanying me today on my right is David S. Stempler, Attorney for APA and its chief representative in Washington, and on my left, Herman Drizin, Senior Consultant with Coopers & Lybrand, who assisted APA in the preparation of financial projections attached as exhibits to this statement. The Airline Passengers Association, has over 55,000 frequent airline travelers as members and is therefore vitally concerned with the legislation for the reauthorization of the Airport and Airway Development Act. We appreciate the opportunity to appear before the Subcommittee on this critical issue which affects our primary responsibility to our members—to provide for their safety, economy, comfort, and convenience.

INTRODUCTION

The Airline Passengers Association believes that it has been a great disservice to the airline passenger, the airfreight shipper, and the general aviation aircraft owner and operator to have an uncommitted surplus of over \$2.6 billion in the Trust Fund when so many safety projects and airport projects need to be undertaken. The Trust Fund was originally created to provide a source of funds for improvements in the airport and airways system. The costs of such improvements were to be paid for by the users of the system, with the understanding that such improvements would in fact be made. In looking back over the history of the program with the existence of such a large surplus, far too few safety projects have been initiated and completed.

It is not very comforting to the airline passenger to know that the vast amounts of money which he has paid into the Trust Fund are not buying additional instrument landing systems or approach lights or radar equipment, but rather are buying U.S. Treasury Notes. It is clear that vast surpluses do not buy safety and provide no other function than being a credit on the U.S. budget.

APA'S OVERALL POSITION

APA has long stood for the proposition that either all the funds in the Trust Fund be utilized for needed airport and navigation projects, or the passenger ticket tax and other taxes which provide income to the Trust Fund be reduced so that after utilizing the enormous surplus and retaining a reasonable reserve, income more closely approximates expenditures.

In order to utilize the surplus, the Airline Passengers Association would support a substantial increase in spending for the construction, development and placement of a variety of safety and navigational aids at airports, as well as the development of airports and the improvement of reliever airports.

Because of the ever-increasing size of the surplus, and the reluctance of various Administrations to budget increased expenditures from the Trust Fund, APA actively supports, in the alternative, a substantial decrease in the passenger ticket tax and the other taxes. APA has been seeking such a reduction since 1975 because of our concern about the ever-increasing and unspent surplus.

With respect to the two Bills which have been introduced in the Senate for the reauthorization of the Airport and Airway Development Act: the Administration's Bill—S. 1581 and S. 1582 and S. 1648 and S. 1649 introduced by Senators Cannon, Packwood, Inouye and Schmitt (the Cannon Bill). In general, APA strongly supports the Senator Cannon's Bill for the following reasons:

Reduction of the Passenger Ticket Tax from 8 percent to 2 percent.

Elimination of the self-sufficient large and medium hub airports from the ADAP program.

Increased expenditures for Airports, Facilities and Equipment, and Research, Engineering and Development.

Slight increase in Maintenance and Operations.

In general, APA strongly opposes the Administration Bill on the following grounds:

No tax reduction.

Unacceptably large increases in Maintenance and Operations expenditures.

Retention of large and medium hub airports in the Airport Development Aid Program ("ADAP").

COMMENTS ON PARTICULAR PROVISIONS

Trust Fund

APA supports an extension of the Trust Fund and the expenditures that flow from them for a period of at least 5 years. The Trust Fund creates a readily available source of funds for airport and safety improvements when utilized properly. We recommend changes in the income and expenditure side of the Fund, but support the concept of continued, user-financed, federal government development of airports and airways. It would be unwise to risk reliance on the General Treasury for capacity and safety improvements in the air transportation system.

Surplus

As noted above, APA strongly opposes the continuation of an excessive surplus in the Trust Fund. A surplus should serve as a reserve to protect against a decrease in Trust Fund income, seasonal variation in cash flow, or the need for special expenditures. APA recommends a maximum reserve equal to Trust Fund expenditures for a period of 6 months to 1 year. Taxation and expenditure levels should be established

to reach this goal by the end of fiscal year 1985. At the end of fiscal year 1980 the uncommitted surplus will be approximately 220 percent of total annual expenditures, and growing.

Taxes

APA strongly and unequivocally supports a reduction in the passenger ticket tax. Since 1975, we have sought a reduction in the ticket tax to stop the ever-increasing surplus. We have opposed efforts to utilize the Trust Fund or a portion of the tax for expenditures not envisioned in the original legislation in 1970, such as expenditures for FAA Maintenance and Operations and a diversion of 2 percent of the ticket tax to finance the retrofit or replacement of noisy jet aircraft.

We also support a conversion of the aircraft fuel tax to a percentage or ad valorem basis. This tax, like the ticket tax and waybill tax, will therefore increase with the cost of the underlying product. This will also provide a level of equality among private operators who now pay a uniform price per gallon, but pay at different tax rate percentages because of the wide variation in fuel prices.

ADAP and F. & E. Expenditures

APA supports a substantial increase in expenditures for ADAP and F. & E., especially for safety purposes. APA supports the completion of as many projects, as set forth below, for all airports and facilities utilized by commuter and/or certificated air carriers.

Approach and Landing Aid Equipment:

- Instrument Landing Systems (ILS's).
- Microwave Landing Systems (MLS's).
- Visual Approach Slope Indicators (VASI's).
- Approach lights with frangible fittings.

Runway Improvements:

- Grooving.
- Overrun areas.
- Runway End Identifier Lights (REIL's).

Improved Air Traffic Control Facilities and Equipment:

- Terminal Area Radars.
- Updated Air Route Traffic Control Center Radar and Computers.
- Control Towers.
- Ground Surveillance Radar.

Wind Shear Detection Equipment.

Effective Crash, Fire, and Rescue Services.

Reliever Airports

APA supports the expenditure of funds for reliever airports to reduce the mix of large airliners and small general aviation aircraft at the same facility. The recent tragedy of the mid-air collision between a Cessna 172 and a PSA Boeing 727 near San Diego's Lindbergh Field, is reflective of the problem.

"Defederalization" of Large and Medium Hub Airports

The concept of the removal of large and medium airports from the ADAP program was included only in the Cannon Bill. APA supports this proposal. As now structured, and one way or another, the airline passenger and other users of the system, will eventually pay for airport and airway improvements—whether through the Trust Fund or to the airport itself through increased landing fees or terminal charges. When one segment of the system is basically self-sufficient, such as large and medium hubs, we see an advantage in eliminating one layer in the flow of funds; namely, the Trust Fund.

The airline passenger will pay less when such costs are imposed as a result of negotiations between airlines and airport operators, as compared to the imposition of an across-the-board tax on all passengers for all city pairs, regardless of the needs of the particular airports utilized. Our position is that the cost of such improvements would be figured into landing fees and terminal charges at individual airports and then factored into the tariffs of the air carriers. An airline could then determine its own method for equitably dividing costs among its passengers. This makes the most sense, because an air carrier would be encouraged to keep airport costs low, as long as needed safety and capacity needs are met.

We continue to strongly oppose the imposition of any "head taxes", "passenger enplanement charges", "passenger facility charges", or any other individual passenger charge. We also would strongly oppose any state or local government charges that permit the use of funds generated from airline or general aviation operations for non-airport and non-safety projects.

State Administration of ADAP

For the same reason that we support the "defederalization" of airports, in that it removes a layer in the expenditure process, we have some concerns about expanding the role of the States as an additional layer in the expenditure stream. Before giving this committee APA's final recommendation, we would want to see if there will be additional expenditures required to cover the States' administrative costs, as well as their basic expertise to handle the questions and issues involved.

Maintenance and Operations

APA can support a modest increase in M. & O. expenditures for the FAA, because of their increasing costs in flight checking and maintaining air navigation facilities. However, the Administration's proposal to draw down over \$8 billion from the Trust Fund for the period fiscal years 1981-1985 is an affront to the airline passenger and every user group which has paid funds into the Trust Fund. These monies were set aside to build airports and to make improvements in the airport and airway system, not to reimburse the U.S. Treasury for the general overhead of the Federal Aviation Administration. The American people as a whole receive a great benefit from a viable and safe air transportation system, making general tax revenue expenditures for FAA costs reasonable. The current level of M. & O. expenditures from the Trust Fund is a fair compromise for the FAA's recoupment of costs for activities related to facilities and equipment supported by the Trust Fund.

DISCUSSION OF TRUST FUND PROJECTIONS AND COMPUTER MODEL

To assist the Committee in the understanding of the financial issues, APA commissioned the international accounting firm of Coopers & Lybrand to develop a computer model for the period of fiscal year 1980-1985, containing the Cannon Bills, the Administration Bill, and an extrapolation of the Current Act (authorizations under the Current Act for fiscal year 1980 were used as a base, and increased by the same percentage as expenditures were increased from fiscal year 1977-1979). A review of these projections show the following surpluses in fiscal year 1985:

Exhibits and alternatives	Surplus at fiscal year 1985 (in millions)	Approximate year in which surplus eliminated
1—Current act extrapolated	\$9,909	(¹)
2—Administration bill	1,866	1990
3—Cannon bill	437	1986

¹ Never.

APA strongly supports the Cannon Bill. However, because of the large reduction of the passenger ticket tax to 2 percent and the elimination of large and medium hub airports from the ADAP Program, APA would like to provide the Committee with various tax rate alternatives based on appropriations in the Cannon Bill and the Current Act Extrapolated. Since the Administration Bill reduces the surplus by a mere payment of user generated funds to the U.S. Treasury, APA deems the concept unacceptable and not useful for further analyses.

In analyzing various tax rates under the Current Act Extrapolated and the Cannon Bill, APA made the following assumptions:

1. All taxes would be reduced proportional to the reduction in the passenger ticket tax; and

2. Unexpended, yet committed funds at the end of fiscal year 1979 would be expended equally over fiscal year 1980-1985.

Under all alternatives, APA seeks the fulfillment of the following goals:

1. A moderate reserve should remain in the Trust Fund to provide for timing differences in cash flow, income decrease, or special expenditures; and

2. The surplus should be reduced as quickly as possible to that point at which income generated from user taxes approximates expenditures, with a reasonable reserve.

With these assumptions, APA prepared the computer runs included in the Exhibit to this statement. Some runs were prepared with passenger ticket tax rates at increments of one-half of one percent. APA understands the difficulty of utilizing such increments and they are used only for evaluation purposes.

The variations discussed below can be grouped into two basic categories: those utilizing different user tax rates with the Cannon Bill appropriation levels; and

those utilizing different user tax rates with the Current Act Extrapolated appropriation levels. Income variations were based upon a proportional reduction of user taxes equivalent to proposed reduction in the passenger ticket tax rate. For example, a reduction in the passenger ticket tax from 8 percent to 4 percent would generate a 50 percent reduction in all user tax revenue projections. The year in which the surplus is reduced to zero or below, under the assumption that the net cash flow for each year subsequent to fiscal year 1985 is equivalent to that of fiscal year 1985.

The projections are only approximations. They are based on assumptions made by APA and are subject to changes, and uncertainties in economic, legislative, and other circumstances. As such, they should be used only as ranges and "orders of magnitude," rather than absolute dollar amounts. APA would like to work with the members and staff of this Committee, as well as other airline/aviation groups, to establish a consensus on assumptions of, and goals for, income and expenditure levels of Trust Fund. Then APA can examine alternatives for user tax rates and expenditures levels through the user of its computer model and in conjunction with the Committee and these groups.

The computer runs show the following surpluses at the end of fiscal year 1985.

Exhibit	Passenger ticket tax rate (percent)	Reduction of all user taxes (percent)	Surplus at end fiscal year 1985 (in millions)	Approximate year in which surplus eliminated
A. Cannon bill variations:				
4.....	3.0	62.5	\$604	1986
5.....	3.5	56.25	1408	1988
6.....	4.0	50	2212	1993
7.....	5.0	37.5	3820	(¹)
B. Current act extrapolated variations:				
8.....	2.0	75	252	1986
9.....	2.5	68.75	1057	1988
10.....	3.0	62.5	1861	1992
11.....	5.0	50	3471	(¹)
12.....	5.0	37.5	5080	(¹)

¹ Never.

C. Phased Reductions in Tax Rates for Cannon Bill and Current Act Extrapolated

Another variation would permit a more gradual reduction of taxes over a period of time, reducing the tax rates in equal steps each year. Utilizing the passenger ticket tax for example, (noting that all tax rates would be reduced proportionately) the ticket tax the first year would be reduced to 6 percent, to 5 percent the second, then 4 percent, then 3 percent, then 2 percent in fiscal year 1985, and thereafter. This provides a reduction of 4 percent averaged over 5 years. Another alternative is 7 percent-6 percent-5 percent-4 percent-3 percent, giving an average of 5 percent over 5 years. This method was utilized in the reduction of telephone excise taxes. The results of these variations are:

Exhibit	Passenger ticket tax rate (percent)	Surplus at end fiscal year 1985 (in millions)	Approximate year in which surplus eliminated
1. Current act extrapolated:			
13.....	6-5-4-3-2	\$3,428	1993
14.....	7-6-5-4-3	5,038	2072
2. Cannon bills:			
15.....	6-5-4-3-2	\$2,157	1988
16.....	7-6-5-4-3	3,766	1993

The variations were prepared for discussion purposes and have differing benefits and deficiencies based on the goals that are chosen. We look forward to working with the Committee and the airline/aviation community to define goals, agree on income and expenditure levels or ranges, and then make a more accurate projection of the status of the Trust fund for fiscal year 1981-1985.

CONCLUSIONS

APA strongly supports the Cannon Bill because of the Ticket Tax reduction, the fast reduction in the surplus, and increased expenditures for capacity and safety improvements. In the alternative, we will support a large increase in expenditures coupled with a more moderate decrease in the passenger ticket tax. Mr. Chairman, we look forward to working with you and the other members of the Committee on this issue which is so critical to our members.

I thank you for the opportunity to testify today. We will be happy to answer any questions that you may have.



Exhibit 1 - CURRENT ACT EXTRAPOLATED
PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND
(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR \$	3,697,747 \$	4,224,646 \$	4,650,700 \$	5,280,925 \$	6,092,458 \$	7,093,331 \$	8,359,027 \$
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX \$	1,197,900 \$	1,353,800 \$	1,492,200 \$	1,634,000 \$	1,802,500 \$	1,997,700 \$	2,184,500 \$
WAYSILL TAX \$	66,600 \$	76,500 \$	87,400 \$	97,400 \$	109,100 \$	122,600 \$	137,500 \$
FUEL TAX \$	71,000 \$	75,800 \$	80,600 \$	85,400 \$	90,200 \$	95,000 \$	100,000 \$
INT'L PASSENGER TAX \$	29,000 \$	30,400 \$	31,800 \$	33,200 \$	34,600 \$	36,000 \$	37,400 \$
AIRCRAFT USE/TURBINE TAX \$	11,000 \$	11,000 \$	11,000 \$	11,000 \$	11,000 \$	11,000 \$	11,000 \$
NEW AIRCRAFT/AVIONICS \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
REFUND OF TAXES \$	-2,000 \$	-2,000 \$	-2,000 \$	-2,000 \$	-2,000 \$	-2,000 \$	-2,000 \$
SUBTOTAL USERS TAX \$	1,435,600 \$	1,610,000 \$	1,769,100 \$	1,932,100 \$	2,120,900 \$	2,340,300 \$	2,549,400 \$
INTRABUDGETRY TRANSACTN:							
FEDERAL PAYMENT FROM GENERAL FUND \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
UNEXPENDED BALANCE OF GEN. FUND \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
INTEREST ON INVESTMENT \$	268,000 \$	368,106 \$	436,868 \$	479,521 \$	505,074 \$	576,204 \$	677,821 \$
TOTL ANNUAL INCOME \$	1,703,600 \$	1,978,106 \$	2,205,968 \$	2,411,621 \$	2,625,974 \$	2,916,504 \$	3,227,221 \$
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN OPERATIONS \$	299,790 \$	325,000 \$	335,433 \$	346,202 \$	357,316 \$	368,787 \$	380,426 \$
GRANTS-IN-AID AIRPORT FACILITIES & EQUIPMENT \$	565,000 \$	525,000 \$	500,000 \$	479,521 \$	438,127 \$	442,563 \$	447,031 \$
RESEARCH, ENGINEERING AND DEVELOPMENT \$	332,211 \$	230,000 \$	250,000 \$	260,758 \$	266,310 \$	271,979 \$	277,770 \$
AVIATION ADVISORY COMM \$	79,700 \$	75,100 \$	78,691 \$	82,454 \$	86,396 \$	90,527 \$	94,856 \$
PRIOR COMMITMENTS \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
TOTAL ANNUAL OUTGO \$	1,176,701 \$	1,552,052 \$	1,575,743 \$	1,600,087 \$	1,625,101 \$	1,650,808 \$	1,677,235 \$
UNEXPENDED BALANCE, END YR \$	4,224,646 \$	4,650,700 \$	5,280,925 \$	6,092,458 \$	7,093,331 \$	8,359,027 \$	9,909,013 \$



Exhibit 2 - ADMINISTRATION BILL

PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND

(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	3,497,747	4,224,446	4,450,700	4,250,071	3,755,445	3,166,951	2,540,317
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	1,197,900	1,353,800	1,492,200	1,634,000	1,802,500	1,997,700	2,184,500
MAYBELL TAX	18,600	2,500	87,400	97,400	109,100	122,600	135,800
FUEL TAX	71,000	74,500	76,800	79,800	83,000	86,200	89,400
INT'L PASSENGER TAX	72,000	74,500	76,800	79,800	83,000	86,200	89,400
AIRCRAFT USE TAX	29,100	30,400	32,900	34,900	36,800	39,400	41,900
AIRCRAFT TIRE/TUBE TAX	1,000	1,000	1,000	1,000	1,000	1,000	1,000
RESEARCH AND DEVELOPMENT	0	0	125,000	151,000	163,000	179,500	194,000
REFUND OF TAXES	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000
SUBTOTAL USERS TAX	1,435,600	1,610,000	1,924,800	2,124,800	2,343,300	2,597,500	2,839,900
INTRASUBDEBTY TRANSACTN:							
FEDERAL PAYMENT FROM	0	0	0	0	0	0	0
GENERAL FUND	0	0	0	0	0	0	0
UNEXPENDED BALANCE OF	0	0	0	0	0	0	0
GEN'L FUND APPROPRIAT	268,000	368,106	391,523	337,526	245,158	212,819	163,522
INTEREST ON INVESTMENT	0	0	0	0	0	0	0
TOTL ANNUAL INCOME	1,703,600	1,978,106	2,316,323	2,462,326	2,608,458	2,810,319	3,003,422
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN	299,790	325,000	1,300,000	1,450,000	1,600,000	1,750,000	1,900,000
OPERATIONS	565,000	625,000	700,000	750,000	800,000	850,000	900,000
GRANTS-IN-AID AIRPRPT	232,211	250,000	350,000	385,000	420,000	455,000	490,000
FACILITIES & EQUIPMT	79,700	75,100	90,000	95,000	100,000	105,000	110,000
RESEARCH-ENGINEERING	0	0	0	0	0	0	0
AND DEVELOPMENT	0	0	0	0	0	0	0
AVIATION ADVISORY COMM	0	0	0	0	0	0	0
PRIOR COMMITMENTS	0	276,952	276,952	276,952	276,952	276,952	276,952
TOTAL ANNUAL OUTGO	1,176,701	1,552,052	2,716,952	2,956,952	3,196,952	3,436,952	3,676,952
UNEXPENDED BALANC., END YR	4,224,646	4,650,700	4,250,071	3,755,445	3,166,951	2,540,317	1,866,787



Exhibit 3 - CANNON BILL

PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND

(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	\$ 3,697,747	\$ 4,224,646	\$ 4,650,700	\$ 3,791,134	\$ 3,184,715	\$ 2,388,964	\$ 1,475,603
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	\$ 1,197,900	\$ 1,353,800	\$ 373,050	\$ 408,500	\$ 450,625	\$ 499,425	\$ 546,125
FARELIFT TAX	\$ 66,600	\$ 76,500	\$ 87,400	\$ 97,400	\$ 109,100	\$ 122,600	\$ 135,800
FUEL TAX	\$ 71,000	\$ 75,800	\$ 66,900	\$ 77,820	\$ 91,080	\$ 105,360	\$ 119,280
INT'L PASSENGER TAX	\$ 72,000	\$ 74,500	\$ 76,800	\$ 78,800	\$ 81,100	\$ 83,700	\$ 86,200
AIRCRAFT USE TAX	\$ 29,100	\$ 30,400	\$ 32,900	\$ 34,900	\$ 36,800	\$ 39,400	\$ 41,600
AIRCRAFT TIRE/TUBE TAX	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
NEW AIRCRAFT/AUTOMICS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
REFUND OF TAXES	\$ -2,000	\$ -2,000	\$ -2,000	\$ -2,000	\$ -2,000	\$ -2,000	\$ -2,000
SUBTOTAL USERS TAX	\$ 1,435,400	\$ 1,610,000	\$ 636,050	\$ 696,420	\$ 767,705	\$ 849,485	\$ 928,005
INTRABUDGETRY TRANSACTN:							
FEDERAL PAYMENT FROM	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GENERAL FUND	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UNEXPENDED BALANCE OF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GEN'L FUND APPROPRIAT	\$ 268,000	\$ 368,106	\$ 371,336	\$ 294,113	\$ 213,497	\$ 144,106	\$ 70,990
INTEREST ON INVESTMENT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTL ANNUAL INCOME	\$ 1,703,400	\$ 1,978,106	\$ 1,007,386	\$ 990,533	\$ 981,202	\$ 993,591	\$ 998,994
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN	\$ 299,790	\$ 325,000	\$ 350,000	\$ 375,000	\$ 400,000	\$ 425,000	\$ 450,000
OPERATIONS	\$ 565,000	\$ 625,000	\$ 750,000	\$ 400,000	\$ 450,000	\$ 500,000	\$ 550,000
GRANTS-IN-AID AIRPT	\$ 232,211	\$ 250,000	\$ 400,000	\$ 450,000	\$ 550,000	\$ 600,000	\$ 650,000
FACILITIES & EQUIPMT	\$ 79,700	\$ 75,100	\$ 90,000	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000
RESEARCH/ENGINEERING	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
AND DEVELOPMENT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
AVIATION ADVISORY COMM	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PRIOR COMMITMENTS	\$ 0	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952
TOTAL ANNUAL OUTGO	\$ 1,176,701	\$ 1,552,052	\$ 1,866,952	\$ 1,596,952	\$ 1,776,952	\$ 1,906,952	\$ 2,036,952
UNEXPENDED BALANC., END YR	\$ 4,224,646	\$ 4,650,700	\$ 3,791,134	\$ 3,184,715	\$ 2,388,964	\$ 1,475,603	\$ 437,643



Exhibit 4 - CANNON BILL WITH ALL TAXES REDUCED BY 62.5% (3% TICKET TAX)
PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND
(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL.-START YR	\$ 3,697,747	\$ 4,224,646	\$ 4,650,700	\$ 3,814,303	\$ 3,235,293	\$ 2,471,790	\$ 1,596,948
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	\$ 1,197,900	\$ 1,353,800	\$ 559,575	\$ 612,750	\$ 675,938	\$ 749,138	\$ 819,188
MAYBILL TAX	\$ 76,600	\$ 76,300	\$ 32,775	\$ 36,525	\$ 40,913	\$ 45,675	\$ 50,925
FUEL TAX	\$ 21,600	\$ 74,500	\$ 23,800	\$ 29,182	\$ 34,155	\$ 39,310	\$ 44,730
INT'L PASSENGER TAX	\$ 72,000	\$ 74,500	\$ 23,800	\$ 29,182	\$ 34,155	\$ 39,310	\$ 44,730
AIRCRAFT USE TAX	\$ 29,100	\$ 30,400	\$ 12,338	\$ 13,088	\$ 13,800	\$ 14,725	\$ 15,660
AIRCRAFT TIRE/TUBE TAX	\$ 1,000	\$ 1,000	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375
RESEARCH/AVIATIONICS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
REFUND TAXES	\$ -2,000	\$ -2,000	\$ -750	\$ -750	\$ -750	\$ -750	\$ -750
SUBTOTAL USERS TAX	\$ 1,435,600	\$ 1,610,000	\$ 659,200	\$ 720,720	\$ 794,843	\$ 880,410	\$ 962,392
INTRABUDGETARY TRANSACTIONS:							
FEDERAL PAYMENT FROM	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GENERAL FUND	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UNEXPENDED BALANCE OF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GEN'L FUND APPROPRIAT	\$ 268,000	\$ 368,106	\$ 372,355	\$ 297,223	\$ 218,607	\$ 151,720	\$ 81,668
INTEREST ON INVESTMENT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL ANNUAL INCOME	\$ 1,703,600	\$ 1,978,106	\$ 1,030,555	\$ 1,017,943	\$ 1,013,449	\$ 1,032,130	\$ 1,044,060
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN	\$ 299,790	\$ 325,000	\$ 356,000	\$ 375,000	\$ 400,000	\$ 425,000	\$ 450,000
OPERATIONS	\$ 545,000	\$ 625,000	\$ 750,000	\$ 400,000	\$ 550,000	\$ 500,000	\$ 350,000
GRANTS-IN-AID AIRPRT	\$ 232,211	\$ 250,000	\$ 400,000	\$ 450,000	\$ 550,000	\$ 600,000	\$ 650,000
FACILITIES & EQUIPMT	\$ 79,700	\$ 75,100	\$ 90,000	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000
RESEARCH-ENGINEERING	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
AND DEVELOPMENT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
AVIATION ADVISORY COMM	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PRIOR COMMITMENTS	\$ 0	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952
TOTAL ANNUAL OUTGO	\$ 1,176,701	\$ 1,552,052	\$ 1,866,952	\$ 1,596,952	\$ 1,776,952	\$ 1,906,952	\$ 2,036,952
UNEXPENDED BALANC, END YR	\$ 4,224,646	\$ 4,650,700	\$ 3,814,303	\$ 3,235,293	\$ 2,471,790	\$ 1,596,948	\$ 604,076



Exhibit 5 - CANNON BILL WITH ALL TAXES REDUCED BY 56.25% (3.5 PASSENGER TICKET TAX)

PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND

(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	\$ 3,697,747	\$ 4,224,646	\$ 4,650,700	\$ 3,929,050	\$ 3,485,550	\$ 2,879,732	\$ 2,188,931
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	\$ 1,197,900	\$ 1,353,800	\$ 452,838	\$ 714,875	\$ 788,594	\$ 873,994	\$ 955,719
MAYBILL TAX	\$ 66,600	\$ 76,500	\$ 38,238	\$ 42,613	\$ 47,731	\$ 53,638	\$ 59,413
FUEL TAX	\$ 71,000	\$ 75,800	\$ 29,269	\$ 34,046	\$ 39,848	\$ 46,095	\$ 52,185
INT'L PASSENGER TAX	\$ 72,000	\$ 74,500	\$ 33,400	\$ 34,475	\$ 35,481	\$ 36,619	\$ 37,713
AIRCRAFT USE TAX	\$ 29,100	\$ 30,400	\$ 14,500	\$ 15,200	\$ 16,200	\$ 17,200	\$ 18,200
RESEARCH AND DEVELOPMENT TAX	\$ 1,000	\$ 1,000	\$ 438	\$ 438	\$ 438	\$ 438	\$ 438
NEW AIRCRAFT/AVIONICS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
REFUND OF TAXES	\$ -2,000	\$ -2,000	\$ -875	\$ -875	\$ -875	\$ -875	\$ -875
SUBTOTAL USERS TAX	\$ 1,435,600	\$ 1,610,000	\$ 767,900	\$ 840,840	\$ 927,316	\$ 1,027,145	\$ 1,122,791
INTRABUDGETARY TRANSACTNS:							
FEDERAL PAYMENT FROM GENERAL FUND	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UNEXPENDED BALANCE OF IDEAL FUND APPROPRIAT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
INTEREST ON INVESTMENT	\$ 249,000	\$ 349,104	\$ 377,402	\$ 312,612	\$ 243,818	\$ 189,006	\$ 133,470
TOTL ANNUAL INCOME	\$ 1,703,600	\$ 1,978,106	\$ 1,145,302	\$ 1,153,452	\$ 1,171,135	\$ 1,216,151	\$ 1,256,261
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN OPERATIONS							
GRANTS-IN-AID AIRPRT	\$ 299,790	\$ 325,000	\$ 350,000	\$ 375,000	\$ 400,000	\$ 425,000	\$ 450,000
FACILITIES & EQUIPMNT	\$ 565,000	\$ 625,000	\$ 750,000	\$ 400,000	\$ 450,000	\$ 500,000	\$ 550,000
RESEARCH AND DEVELOPMENT	\$ 232,211	\$ 250,000	\$ 400,000	\$ 450,000	\$ 350,000	\$ 600,000	\$ 850,000
AVIATION ADVISORY COMM.	\$ 79,700	\$ 75,100	\$ 90,000	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000
PRIOR COMMITMENTS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL ANNUAL OUTGO	\$ 1,176,701	\$ 1,552,032	\$ 1,866,932	\$ 1,596,932	\$ 1,776,932	\$ 1,906,932	\$ 2,036,932
UNEXPENDED BALANC., END YR	\$ 4,224,646	\$ 4,650,700	\$ 3,929,050	\$ 3,485,550	\$ 2,879,732	\$ 2,188,931	\$ 1,408,240



Exhibit 6 - CANNON BILL WITH ALL TAXES REDUCED BY 50% (4% PASSENGER TICKET TAX)

PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND

(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL. + START YR	\$ 3,497,747	\$ 4,224,646	\$ 4,650,700	\$ 4,043,798	\$ 3,735,806	\$ 3,287,674	\$ 2,780,894
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	\$ 1,197,900	\$ 1,353,800	\$ 746,100	\$ 817,000	\$ 901,250	\$ 998,850	\$ 1,092,250
MAYBILL TAX	\$ 66,600	\$ 76,500	\$ 43,700	\$ 48,700	\$ 54,550	\$ 61,300	\$ 67,900
FUEL TAX	\$ 71,000	\$ 75,800	\$ 33,450	\$ 38,910	\$ 45,540	\$ 52,680	\$ 59,640
INT'L PASSENGER TAX	\$ 72,000	\$ 74,500	\$ 38,400	\$ 39,400	\$ 40,550	\$ 41,850	\$ 43,100
AIRCRAFT USE TAX	\$ 29,100	\$ 30,400	\$ 16,450	\$ 17,450	\$ 18,400	\$ 19,700	\$ 20,800
AIRCRAFT FUEL/TURBINE TAX	\$ 1,000	\$ 1,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
RESEARCH/ENGINEERING AND DEVELOPMENT	\$ -2,000	\$ -2,000	\$ -1,000	\$ -1,000	\$ -1,000	\$ -1,000	\$ -1,000
REFUND OF TAXES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL USERS TAX	\$ 1,435,600	\$ 1,610,000	\$ 877,600	\$ 960,960	\$ 1,059,790	\$ 1,173,880	\$ 1,283,190
INTRABUDGETRY TRANSACTN:							
FEDERAL PAYMENT FROM GENERAL FUND	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UNEXPENDED BALANCE OF GEN'L FUND APPROPRIAT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
INTEREST ON INVESTMENT	\$ 268,000	\$ 368,106	\$ 382,450	\$ 328,001	\$ 269,030	\$ 226,291	\$ 185,272
TOTL ANNUAL INCOME	\$ 1,703,600	\$ 1,978,106	\$ 1,260,050	\$ 1,288,961	\$ 1,328,820	\$ 1,400,171	\$ 1,468,462
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN OPERATIONS							
GRANTS-IN-AID AIRPRT	\$ 299,790	\$ 325,000	\$ 350,000	\$ 375,000	\$ 400,000	\$ 425,000	\$ 450,000
FACILITIES & EQUIPMT	\$ 565,000	\$ 625,000	\$ 750,000	\$ 400,000	\$ 450,000	\$ 500,000	\$ 550,000
RESEARCH/ENGINEERING AND DEVELOPMENT	\$ 232,211	\$ 250,000	\$ 400,000	\$ 450,000	\$ 550,000	\$ 600,000	\$ 650,000
AVIATION ADVISORY COMM	\$ 79,700	\$ 75,100	\$ 90,000	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000
PRIOR COMMITMENTS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL ANNUAL OUTGO	\$ 1,176,701	\$ 1,552,052	\$ 1,866,952	\$ 1,596,952	\$ 1,776,952	\$ 1,906,952	\$ 2,036,952
UNEXPENDED BALANC. END YR	\$ 4,224,646	\$ 4,650,700	\$ 4,043,798	\$ 3,735,806	\$ 3,287,674	\$ 2,780,894	\$ 2,212,404



Exhibit 7 - CANNON BILL WITH ALL TAXES REDUCED BY 37.5% (5% PASSENGER TICKET TAX)

PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND

(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	\$ 3,497,747	\$ 4,224,646	\$ 4,650,700	\$ 4,273,293	\$ 4,236,320	\$ 4,103,559	\$ 3,964,819
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	\$ 1,197,900	\$ 1,353,800	\$ 932,425	\$ 1,021,250	\$ 1,126,563	\$ 1,248,563	\$ 1,365,313
MAIL TAX	\$ 46,400	\$ 76,500	\$ 54,425	\$ 60,875	\$ 68,188	\$ 76,625	\$ 84,875
FUEL TAX	\$ 71,000	\$ 75,800	\$ 41,812	\$ 48,637	\$ 56,925	\$ 65,850	\$ 74,550
INT'L PASSENGER TAX	\$ 72,000	\$ 74,500	\$ 48,000	\$ 49,250	\$ 50,688	\$ 52,313	\$ 53,875
AIRCRAFT USE TAX	\$ 29,100	\$ 30,400	\$ 20,563	\$ 21,813	\$ 23,000	\$ 24,625	\$ 26,000
AIRCRAFT TIRE/TUBE TAX	\$ 1,000	\$ 1,000	\$ 625	\$ 625	\$ 625	\$ 625	\$ 625
NEW AIRCRAFT TAXES	\$ -2,000	\$ -2,000	\$ -1,250	\$ -1,250	\$ -1,250	\$ -1,250	\$ -1,250
REFUND OF TAXES	\$ -2,000	\$ -2,000	\$ -1,250	\$ -1,250	\$ -1,250	\$ -1,250	\$ -1,250
SUBTOTAL USERS TAX	\$ 1,435,600	\$ 1,610,000	\$ 1,097,000	\$ 1,201,200	\$ 1,324,738	\$ 1,467,350	\$ 1,603,987
INTRABUDGETRY TRANSACTN:							
FEDERAL PAYMENT FROM	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GENERAL FUND	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UNEXPENDED BALANCE OF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GEN'L FUND APPROPRIAT	\$ 268,000	\$ 368,106	\$ 392,545	\$ 358,779	\$ 319,454	\$ 300,862	\$ 288,877
INTEREST ON INVESTMENT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL ANNUAL INCOME	\$ 1,703,600	\$ 1,978,106	\$ 1,489,545	\$ 1,559,979	\$ 1,644,192	\$ 1,768,213	\$ 1,892,864
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN	\$ 299,790	\$ 325,000	\$ 350,000	\$ 375,000	\$ 400,000	\$ 425,000	\$ 450,000
OPERATIONS	\$ 565,000	\$ 625,000	\$ 750,000	\$ 400,000	\$ 450,000	\$ 500,000	\$ 550,000
GRANTS-IN-AID AIRPT	\$ 232,211	\$ 250,000	\$ 400,000	\$ 450,000	\$ 550,000	\$ 600,000	\$ 650,000
FACILITIES & EQUIPMT	\$ 79,700	\$ 75,100	\$ 90,000	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000
RESEARCH/ENGINEERING AND DEVELOPMENT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
AVIATION ADVISORY COMM	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PRIOR COMMITMENTS	\$ 0	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952
TOTAL ANNUAL OUTGO	\$ 1,176,701	\$ 1,552,052	\$ 1,866,952	\$ 1,596,952	\$ 1,776,952	\$ 1,906,952	\$ 2,036,952
UNEXPENDED BALANC-END YR	\$ 4,224,646	\$ 4,650,700	\$ 4,273,293	\$ 4,236,320	\$ 4,103,559	\$ 3,964,819	\$ 3,820,731



Exhibit 8 - CURRENT ACT EXTRAPOLATED WITH ALL TAXES REDUCED BY 75% (2% PASSENGER TICKET TAX)
PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND
(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	3,697,747 \$	4,224,646 \$	4,650,700 \$	3,893,051 \$	3,049,543 \$	2,175,578 \$	1,237,100 \$
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	1,197,900 \$	1,353,800 \$	373,050 \$	408,500 \$	450,425 \$	489,425 \$	546,125 \$
WAYBILL TAX	66,600 \$	76,500 \$	21,850 \$	24,350 \$	27,275 \$	30,450 \$	33,950 \$
FUEL TAX	71,000 \$	75,800 \$	20,200 \$	22,000 \$	23,100 \$	24,475 \$	25,875 \$
INT'L PASSENGER TAX	72,000 \$	74,500 \$	19,200 \$	19,700 \$	20,275 \$	21,550 \$	21,550 \$
AIRCRAFT USE TAX	29,100 \$	30,400 \$	8,225 \$	8,725 \$	9,200 \$	9,850 \$	10,400 \$
AIRCRAFT REGISTRATION TAX	1,000 \$	1,000 \$	250 \$	250 \$	250 \$	250 \$	250 \$
NEW AIRCRAFT/AVIONICS	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
REFUND OF TAXES	-2,600 \$	-2,000 \$	-500 \$	-500 \$	-500 \$	-500 \$	-500 \$
SUBTOTAL USERS TAX	1,435,600 \$	1,610,000 \$	442,275 \$	483,025 \$	530,225 \$	585,075 \$	637,350 \$
INTRABUDGETARY TRANSACTIONS:							
FEDERAL PAYMENT FROM	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
GENERAL FUND	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
UNEXPENDED BALANCE OF	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
RECEIVED FROM APPROPRIAT	268,000 \$	368,106 \$	375,819 \$	293,555 \$	200,911 \$	127,256 \$	55,270 \$
INTEREST ON INVESTMENT	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
TOTAL ANNUAL INCOME	1,703,600 \$	1,978,106 \$	818,094 \$	776,580 \$	731,136 \$	712,331 \$	692,620 \$
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN							
OPERATIONS	299,790 \$	325,000 \$	335,433 \$	346,202 \$	357,316 \$	368,787 \$	380,626 \$
GRANTS-IN-AID AIRPORT	565,000 \$	625,000 \$	629,345 \$	633,721 \$	638,127 \$	642,563 \$	647,031 \$
AIRCRAFT REGISTRATION	232,211 \$	250,000 \$	255,322 \$	260,758 \$	266,310 \$	271,979 \$	277,770 \$
RESEARCH, ENGINEERING							
AND DEVELOPMENT	79,700 \$	75,100 \$	78,691 \$	82,454 \$	86,396 \$	90,527 \$	94,856 \$
AVIATION ADVISORY COMM	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
PRIOR COMMITMENTS	0 \$	276,952 \$	276,952 \$	276,952 \$	276,952 \$	276,952 \$	276,952 \$
TOTAL ANNUAL OUTGO	1,176,701 \$	1,552,052 \$	1,575,743 \$	1,600,087 \$	1,625,101 \$	1,650,808 \$	1,677,235 \$
UNEXPENDED BALANCE, END YR	4,224,646 \$	4,650,700 \$	3,893,051 \$	3,049,543 \$	2,175,578 \$	1,237,100 \$	252,485 \$



Exhibit 9 - CURRENT ACT EXTRAPOLATED WITH ALL TAXES REDUCED BY 68.75% (2.5% PASSENGER TICKET TAX)

PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND

(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	\$ 3,697,747	\$ 4,224,646	\$ 4,650,700	\$ 4,008,707	\$ 3,321,452	\$ 2,585,391	\$ 1,830,594

CASH INCOME DURING YEAR:

PASSENGER TICKET TAX	\$ 1,197,900	\$ 1,353,800	\$ 444,313	\$ 510,425	\$ 563,781	\$ 624,781	\$ 682,456
MAIL TAX	\$ 44,600	\$ 76,800	\$ 27,313	\$ 30,438	\$ 34,094	\$ 38,313	\$ 42,438
FUEL TAX	\$ 71,000	\$ 75,800	\$ 25,250	\$ 27,500	\$ 28,875	\$ 30,594	\$ 31,969
INT'L PASSENGER TAX	\$ 72,000	\$ 74,500	\$ 24,000	\$ 24,625	\$ 25,344	\$ 26,156	\$ 26,938
AIRCRAFT USE TAX	\$ 29,100	\$ 30,400	\$ 10,281	\$ 10,906	\$ 11,500	\$ 12,313	\$ 13,000
AIRCRAFT TIRE/TUBE TAX	\$ 1,000	\$ 1,000	\$ 313	\$ 313	\$ 313	\$ 313	\$ 313
NEW AIRCRAFT/AUTOMICS	\$ 0	\$ 0	\$ -625	\$ -625	\$ -625	\$ -625	\$ -625
REFUND OF TAXES	\$ -2,000	\$ -2,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

SUBTOTAL USERS TAX \$ 1,435,600 \$ 1,610,000 \$ 552,844 \$ 603,781 \$ 662,781 \$ 731,344 \$ 796,688

INTRABUDGETRY TRANSACTN:

FEDERAL PAYMENT FROM GENERAL FUND	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UNEXPENDED BALANCE OF GEN'L FUND APPROPRIAT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
INTEREST ON INVESTMENT	\$ 268,000	\$ 368,106	\$ 380,706	\$ 309,052	\$ 226,258	\$ 164,668	\$ 107,149

TOTL ANNUAL INCOME \$ 1,703,600 \$ 1,978,106 \$ 933,750 \$ 912,833 \$ 889,039 \$ 896,012 \$ 903,837

CASH OUTGO DURING YEAR:

FEDERAL AVIATION ADMIN OPERATIONS	\$ 299,790	\$ 325,000	\$ 335,433	\$ 346,202	\$ 357,316	\$ 368,787	\$ 380,626
GRANTS-IN-AID AIRPORT	\$ 565,000	\$ 625,000	\$ 629,345	\$ 633,721	\$ 638,127	\$ 642,563	\$ 647,031
FACILITIES & EQUIPMT	\$ 232,211	\$ 250,000	\$ 255,322	\$ 260,758	\$ 266,310	\$ 271,879	\$ 277,770
RESEARCH+ENGINEERING AND DEVELOPMENT	\$ 79,700	\$ 75,100	\$ 78,691	\$ 82,454	\$ 86,396	\$ 90,527	\$ 94,856
AVIATION ADVISORY COMM	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PRIOR COMMITMENTS	\$ 0	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952

TOTAL ANNUAL OUTGO \$ 1,176,701 \$ 1,852,052 \$ 1,575,743 \$ 1,600,087 \$ 1,625,101 \$ 1,650,808 \$ 1,677,235

UNEXPENDED BALANC-END YR \$ 4,224,646 \$ 4,650,700 \$ 4,008,707 \$ 3,321,452 \$ 2,585,391 \$ 1,830,594 \$ 1,057,195



Exhibit 10 - CURRENT ACT EXTRAPOLATED WITH ALL TAXES REDUCED BY 62.5% (3% PASSENGER TICKET TAX)
PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND
(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR *	3,697,747 *	4,224,646 *	4,650,700 *	4,124,363 *	3,573,362 *	2,995,203 *	2,424,088
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	1,197,900 *	1,353,800 *	359,375 *	612,750 *	675,938 *	749,138 *	819,188
LANDING TAX	84,600 *	76,500 *	32,725 *	36,525 *	40,913 *	45,975 *	50,925
FUEL TAX	72,000 *	74,500 *	29,800 *	23,500 *	23,500 *	36,713 *	38,363
INT'L PASSENGER TAX	29,100 *	30,400 *	12,338 *	13,088 *	13,800 *	14,725 *	15,725
AIRCRAFT USE TAX	1,000 *	1,000 *	375 *	375 *	375 *	375 *	375
AIRCRAFT TIRE/TUBE TAX	0 *	0 *	0 *	0 *	0 *	0 *	0
NEW AIRCRAFT/AUTONICS	-2,000 *	-2,000 *	-750 *	-750 *	-750 *	-750 *	-750
REFUND OF TAXES	0 *	0 *	0 *	0 *	0 *	0 *	0
SUBTOTAL USERS TAX	1,435,600 *	1,610,000 *	663,413 *	724,538 *	795,338 *	877,613 *	956,025
INTRABUDGETRY TRANSACTIONS:							
FEDERAL PAYMENT FROM GENERAL FUND	0 *	0 *	0 *	0 *	0 *	0 *	0
UNEXPENDED BALANCE OF GEN'L FUND APPROPRIAT	0 *	0 *	0 *	0 *	0 *	0 *	0
INTEREST ON INVESTMENT	248,000 *	348,104 *	385,994 *	324,549 *	251,605 *	202,080 *	159,028
TOTAL ANNUAL INCOME *	1,703,600 *	1,978,104 *	1,049,404 *	1,049,086 *	1,046,943 *	1,079,693 *	1,115,053
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN OPERATIONS	289,780 *	325,000 *	335,433 *	344,207 *	352,314 *	348,787 *	380,426
GRANTS-IN-AID AIRPRPT	565,000 *	625,000 *	629,345 *	633,721 *	639,127 *	642,583 *	646,000
FACILITIES & EQUIPMT	232,211 *	250,000 *	255,322 *	260,758 *	266,310 *	271,979 *	277,770
RESEARCH-ENGINEERING AND DEVELOPMENT	79,700 *	75,100 *	78,691 *	82,454 *	86,396 *	90,527 *	94,856
AVIATION ADVISORY CONNH	0 *	0 *	0 *	0 *	0 *	0 *	0
PRIOR COMMITMENTS	0 *	276,952 *	276,952 *	276,952 *	276,952 *	276,952 *	276,952
TOTAL ANNUAL OUTGO *	1,176,701 *	1,552,052 *	1,575,743 *	1,600,087 *	1,625,101 *	1,650,808 *	1,677,235
UNEXPENDED BALANC, END YR *	4,224,646 *	4,650,700 *	4,124,363 *	3,573,362 *	2,995,203 *	2,424,088 *	1,861,906



Exhibit 11 - CURRENT ACT EXTRAPOLATED WITH ALL TAXES REDUCED BY 50% (4% PASSENGER TICKET TAX)
PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND
(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR \$	3,697,747 \$	4,224,646 \$	4,650,700 \$	4,355,675 \$	4,077,181 \$	3,814,829 \$	3,611,076 \$
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX \$	1,197,900 \$	1,353,800 \$	746,100 \$	817,000 \$	901,250 \$	998,850 \$	1,092,250 \$
FUEL TAX \$	64,400 \$	76,500 \$	43,700 \$	48,700 \$	54,550 \$	61,300 \$	67,900 \$
INT'L PASSENGER TAX \$	71,000 \$	75,800 \$	40,400 \$	44,000 \$	46,200 \$	48,950 \$	51,150 \$
AIRCRAFT USE TAX \$	29,100 \$	30,400 \$	16,450 \$	17,450 \$	18,450 \$	19,450 \$	20,450 \$
NEW AIRCRAFT/AUTONICS \$	1,000 \$	1,000 \$	0 \$	0 \$	0 \$	0 \$	0 \$
REFUND OF TAXES \$	-2,000 \$	-2,000 \$	-1,000 \$	-1,000 \$	-1,000 \$	-1,000 \$	-1,000 \$
SUBTOTAL USERS TAX \$	1,435,600 \$	1,610,000 \$	884,550 \$	966,050 \$	1,060,450 \$	1,170,150 \$	1,274,700 \$
INTRABUDGETARY TRANSACTIONS:							
FEDERAL PAYMENT FROM GENERAL FUND \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
UNEXPENDED BALANCE OF GEN'L FUND APPROPRIAT \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
INTEREST ON INVESTMENT \$	248,000 \$	368,106 \$	396,169 \$	355,543 \$	302,299 \$	276,905 \$	262,787 \$
TOTAL ANNUAL INCOME \$	1,703,600 \$	1,978,106 \$	1,280,719 \$	1,321,593 \$	1,362,749 \$	1,447,055 \$	1,537,487 \$
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN OPERATIONS \$	299,790 \$	325,000 \$	335,433 \$	346,202 \$	357,316 \$	368,787 \$	380,626 \$
GRANTS-IN-AID AIRPRIT \$	565,000 \$	625,000 \$	629,345 \$	633,721 \$	638,127 \$	642,563 \$	647,031 \$
FACILITIES & EQUIPMT \$	232,211 \$	250,000 \$	255,322 \$	260,758 \$	266,310 \$	271,777 \$	277,031 \$
RESEARCH-ENGINEERING AND DEVELOPMENT \$	79,700 \$	75,100 \$	78,691 \$	82,454 \$	86,396 \$	90,527 \$	94,856 \$
AVIATION ADVISORY COMM \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$
PRIOR COMMITMENTS \$	0 \$	276,952 \$	276,952 \$	276,952 \$	276,952 \$	276,952 \$	276,952 \$
TOTAL ANNUAL OUTGO \$	1,176,701 \$	1,552,052 \$	1,575,743 \$	1,600,087 \$	1,625,101 \$	1,650,808 \$	1,677,235 \$
UNEXPENDED BALANC-END YR \$	4,224,646 \$	4,650,700 \$	4,355,675 \$	4,077,181 \$	3,814,829 \$	3,611,076 \$	3,471,327 \$



Exhibit 12 - CURRENT ACT EXTRAPOLATED WITH ALL TAXES REDUCED BY 37.5% (5% PASSENGER TICKET TAX)
PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND
(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	3,697,747	4,224,646	4,650,700	4,586,988	4,581,001	4,634,454	4,798,064
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	1,197,900	1,353,800	932,625	1,021,250	1,126,563	1,248,563	1,345,313
MAYRELL TAX	66,600	76,500	54,625	60,875	68,188	76,625	84,875
FUEL TAX	71,000	75,800	50,500	55,000	61,188	61,188	63,938
TIRE TAX	22,000	24,500	48,000	49,250	50,688	52,313	53,875
AIRCRAFT USE TAX	1,000	1,000	20,325	21,813	23,000	24,625	26,000
NEW AIRCRAFT/TIRE TAX	0	0	0	625	625	625	625
REFUND OF TAXES	-2,000	-2,000	-1,250	-1,250	-1,250	-1,250	-1,250
SUBTOTAL USERS TAX	1,435,600	1,610,000	1,105,688	1,207,563	1,325,563	1,462,688	1,593,375
INTRABUDGETRY TRANSACTN:							
FEDERAL PAYMENT FROM GENERAL FUND	0	0	0	0	0	0	0
UNEXPENDED BALANCE OF GEN'L FUND APPROPRIAT	0	0	0	0	0	0	0
INTEREST ON INVESTMENT	268,000	368,106	406,344	386,538	352,993	351,730	366,546
TOTL ANNUAL INCOME	1,703,600	1,978,106	1,512,031	1,594,100	1,678,555	1,814,417	1,959,921
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN OPERATIONS	299,790	325,000	335,433	346,202	357,316	368,787	380,426
FAIRPORTS AND AIRPORT FACILITIES & EQUIPMENT	253,000	925,000	429,345	433,721	438,127	442,563	447,031
RESEARCH/ENGINEERING AND DEVELOPMENT	232,211	250,000	253,322	260,758	266,310	271,979	277,770
AVIATION ADVISORY COMM	79,700	75,100	78,491	82,454	86,396	90,527	94,856
PRIOR COMMITMENTS	0	0	0	0	0	0	0
TOTAL ANNUAL OUTGO	1,176,701	1,552,052	1,575,743	1,600,087	1,625,101	1,650,808	1,677,235
UNEXPENDED BALANC, END YR	4,224,646	4,650,700	4,586,988	4,581,001	4,634,454	4,798,064	5,080,749



Exhibit 13 - CURRENT ACT EXTRAPOLATED WITH A PHASED REDUCTION IN ALL TAXES (0%-5%-4%-3%-2% PASSENGER TICKET TAX)
PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND
(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	\$ 3,697,747	\$ 4,224,646	\$ 4,650,700	\$ 4,818,300	\$ 4,832,677	\$ 4,630,507	\$ 4,184,073
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	\$ 1,197,900	\$ 1,353,800	\$ 1,519,150	\$ 1,621,250	\$ 901,250	\$ 749,138	\$ 546,123
MARITIME TAX	\$ 24,500	\$ 24,500	\$ 45,550	\$ 60,875	\$ 54,550	\$ 45,975	\$ 33,550
FUEL TAX	\$ 21,000	\$ 75,800	\$ 60,000	\$ 55,000	\$ 46,200	\$ 36,713	\$ 25,575
INT'L PASSENGER TAX	\$ 72,000	\$ 74,500	\$ 57,600	\$ 49,250	\$ 40,550	\$ 31,388	\$ 21,550
AIRCRAFT USE TAX	\$ 29,100	\$ 30,400	\$ 24,675	\$ 21,813	\$ 18,400	\$ 14,775	\$ 10,400
AIRCRAFT TIRE/TUBE TAX	\$ 1,000	\$ 1,000	\$ 750	\$ 625	\$ 500	\$ 375	\$ 250
NEW AIRCRAFT/AUTONICS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
REFUND OF TAXES	\$ -2,000	\$ -2,000	\$ -1,500	\$ -1,250	\$ -1,000	\$ -750	\$ -500
SUBTOTAL USERS TAX	\$ 1,435,600	\$ 1,610,000	\$ 1,326,825	\$ 1,207,563	\$ 1,060,450	\$ 877,613	\$ 637,350
INTRABUDGETRY TRANSACTIONS:							
FEDERAL PAYMENT FROM GENERAL FUND	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UNEXPENDED BALANCE OF GEN'L FUND APPROPRIAT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
INTEREST ON INVESTMENT	\$ 268,000	\$ 368,106	\$ 416,518	\$ 406,901	\$ 362,482	\$ 328,762	\$ 282,541
TOTAL ANNUAL INCOME	\$ 1,703,600	\$ 1,978,106	\$ 1,743,343	\$ 1,614,464	\$ 1,422,932	\$ 1,206,375	\$ 919,891
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN OPERATIONS	\$ 299,790	\$ 325,000	\$ 335,433	\$ 346,202	\$ 357,316	\$ 368,787	\$ 380,426
GRANTS-IN-AID AIRPRY	\$ 565,000	\$ 625,000	\$ 629,345	\$ 633,721	\$ 638,127	\$ 642,563	\$ 647,031
FACILITIES & EQUIPMY	\$ 232,211	\$ 250,000	\$ 255,322	\$ 260,758	\$ 266,310	\$ 271,979	\$ 277,770
RESEARCH-ENGINEERING AND DEVELOPMENT	\$ 79,700	\$ 75,100	\$ 78,691	\$ 82,454	\$ 86,396	\$ 90,527	\$ 94,856
AVIATION ADVISORY COMH	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PRIOR COMMITMENTS	\$ 0	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952
TOTAL ANNUAL OUTGO	\$ 1,176,701	\$ 1,552,052	\$ 1,575,743	\$ 1,600,087	\$ 1,625,101	\$ 1,650,808	\$ 1,677,235
UNEXPENDED BALANC-END YR	\$ 4,224,646	\$ 4,650,700	\$ 4,818,300	\$ 4,832,677	\$ 4,630,507	\$ 4,184,073	\$ 3,428,729



Exhibit 14 - CURRENT ACT EXTRAPOLATED WITH A PHASED REDUCTION IN ALL TAXES (7%-5%-5%-4%-3% PASSENGER TICKET TAX)
PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND
(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	3,697,747	4,224,646	4,650,700	5,049,613	5,336,496	5,450,133	5,373,061
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	1,197,900	1,353,800	1,305,675	1,225,500	1,124,563	998,850	819,188
WAYBILL TAX	66,600	76,500	76,475	73,050	57,750	48,950	30,725
FUEL TAX	71,000	75,800	70,700	66,000	57,750	48,950	30,725
INT'L PASSENGER TAX	72,000	74,500	67,200	59,100	50,688	41,850	32,325
AIRCRAFT USE TAX	29,100	30,400	28,788	26,175	23,000	19,700	15,600
ADVISORY BOARD TAX	1,000	1,000	875	750	625	500	375
NEW AIRCRAFT/AUTONICS							
REFUND OF TAXES	-2,000	-2,000	-1,750	-1,500	0	-1,000	-750
SUBTOTAL USERS TAX	1,435,600	1,610,000	1,547,963	1,449,075	1,325,563	1,170,150	956,025
INTRABUDGETARY TRANSACTS:							
FEDERAL PAYMENT FROM GENERAL FUND	0	0	0	0	0	0	0
UNEXPENDED BALANCE OF GEN'L FUND APPROPRIAT	0	0	0	0	0	0	0
INTEREST ON INVESTMENT	288,000	368,106	426,693	437,896	413,176	403,587	386,300
TOTL ANNUAL INCOME	1,703,600	1,978,106	1,974,656	1,886,971	1,738,738	1,573,737	1,342,325
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN OPERATIONS	299,790	325,000	335,433	346,202	357,316	348,787	380,426
GRANTS-IN-AID AIRPRT	565,000	625,000	629,345	633,721	638,127	642,563	647,031
FACILITIES & EQUIPMT	232,211	250,000	255,322	260,758	266,310	271,979	277,770
RESEARCH, ENGINEERING AND DEVELOPMENT	79,700	75,100	78,691	82,454	86,396	90,527	94,856
AVIATION ADVISORY COMH	0	0	0	0	0	0	0
PRIOR COMMITMENTS	0	276,952	276,952	276,952	276,952	276,952	276,952
TOTAL ANNUAL OUTGO	1,176,701	1,552,052	1,575,743	1,600,087	1,625,101	1,650,808	1,677,235
UNEXPENDED BALANCE, END YR	4,224,646	4,650,700	5,049,613	5,336,496	5,450,133	5,373,061	5,038,151



Exhibit 15 - CANNON BILL WITH A PHASED REDUCTION IN ALL TAXES (6%-5%-4%-3%-2% PASSENGER TICKET TAX)

PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND

(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	\$ 3,497,747	\$ 4,224,646	\$ 4,650,700	\$ 4,502,788	\$ 4,486,018	\$ 4,097,648	\$ 3,348,776
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	\$ 1,197,900	\$ 1,353,800	\$ 1,119,150	\$ 1,021,250	\$ 901,250	\$ 749,138	\$ 546,123
MAYBILL TAX	\$ 66,600	\$ 76,500	\$ 65,550	\$ 60,875	\$ 54,550	\$ 45,975	\$ 33,950
FUEL TAX	\$ 71,000	\$ 75,800	\$ 50,175	\$ 48,637	\$ 45,540	\$ 39,510	\$ 29,820
INTRA-STATE PASSENGER TAX	\$ 72,000	\$ 74,300	\$ 47,600	\$ 47,600	\$ 40,350	\$ 31,388	\$ 21,350
AIRCRAFT USE TAX	\$ 28,000	\$ 30,000	\$ 24,600	\$ 21,600	\$ 18,600	\$ 14,775	\$ 10,600
AIRCRAFT LIRE/TUBE TAX	\$ 1,000	\$ 1,000	\$ 24,750	\$ 625	\$ 500	\$ 375	\$ 250
NEW AIRCRAFT/AUTONICS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
REFUND OF TAXES	\$ -2,000	\$ -2,000	\$ -1,500	\$ -1,250	\$ -1,000	\$ -750	\$ -500
SUBTOTAL USERS TAX	\$ 1,435,600	\$ 1,610,000	\$ 1,316,400	\$ 1,201,200	\$ 1,059,790	\$ 880,410	\$ 641,595
INTRABUDGETARY TRANSACTIONS:							
FEDERAL PAYMENT FROM GENERAL FUND	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UNEXPENDED BALANCE OF GEN. FUND APPROPRIAT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
INTEREST ON INVESTMENT	\$ 268,000	\$ 368,106	\$ 402,640	\$ 378,983	\$ 328,792	\$ 277,670	\$ 204,315
TOTAL ANNUAL INCOME	\$ 1,703,600	\$ 1,978,106	\$ 1,719,040	\$ 1,580,183	\$ 1,388,582	\$ 1,158,080	\$ 845,910
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMINISTRATION:							
OPERATIONS	\$ 299,790	\$ 325,000	\$ 350,000	\$ 375,000	\$ 400,000	\$ 425,000	\$ 450,000
GRANTS-IN-AID AIRPORT	\$ 563,000	\$ 625,000	\$ 750,000	\$ 400,000	\$ 450,000	\$ 500,000	\$ 550,000
RESEARCH/ENGINEERING AND DEVELOPMENT	\$ 232,211	\$ 250,000	\$ 400,000	\$ 450,000	\$ 350,000	\$ 600,000	\$ 650,000
AVIATION ADVISORY COMM	\$ 79,700	\$ 75,100	\$ 90,000	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000
PRIOR COMMITMENTS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL ANNUAL OUTGO	\$ 1,176,701	\$ 1,552,052	\$ 1,866,952	\$ 1,596,952	\$ 1,776,952	\$ 1,906,952	\$ 2,036,952
UNEXPENDED BALANCE, END YR	\$ 4,224,646	\$ 4,150,700	\$ 4,502,788	\$ 4,486,018	\$ 4,097,648	\$ 3,348,776	\$ 2,157,734



Exhibit 16 - CANNON BILL WITH A PHASED REDUCTION IN ALL TAXES (7%-6%-5%-4%-3% PASSENGER TICKET TAX)
PROJECTION OF STATUS OF AIRPORT AND AIRWAY TRUST FUND
(\$ in Thousands)

	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
UNEXPENDED BAL., START YR	\$ 3,697,747	\$ 4,224,646	\$ 4,650,700	\$ 4,732,282	\$ 4,986,532	\$ 4,913,533	\$ 4,532,702
CASH INCOME DURING YEAR:							
PASSENGER TICKET TAX	\$ 1,197,700	\$ 1,353,800	\$ 1,303,675	\$ 1,225,500	\$ 1,126,563	\$ 998,850	\$ 819,188
MAYBILL TAX	\$ 66,400	\$ 76,500	\$ 76,475	\$ 73,050	\$ 68,188	\$ 61,300	\$ 50,925
FUEL TAX	\$ 71,000	\$ 75,800	\$ 58,537	\$ 58,365	\$ 56,925	\$ 52,680	\$ 44,750
TIRE TAX	\$ 29,100	\$ 30,400	\$ 28,788	\$ 26,175	\$ 23,000	\$ 19,700	\$ 15,600
AIRCRAFT USE TAX	\$ 1,000	\$ 1,000	\$ 875	\$ 750	\$ 625	\$ 500	\$ 375
AIRCRAFT TIRE/TUBE TAX	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
NEW AIRCRAFT/AVIONICS	\$ -2,000	\$ -2,000	\$ -1,750	\$ -1,500	\$ -1,250	\$ -1,000	\$ -750
REFUND OF TAXES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SUBTOTAL USERS TAX	\$ 1,435,400	\$ 1,610,000	\$ 1,535,800	\$ 1,441,440	\$ 1,324,738	\$ 1,173,880	\$ 962,352
INTRABUDGETRY TRANSACTN:							
FEDERAL PAYMENT FROM	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GENERAL FUND	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UNEXPENDED BALANCE OF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GEN'L FUND APPROPRIAT	\$ 268,000	\$ 368,106	\$ 412,735	\$ 409,761	\$ 379,216	\$ 352,241	\$ 307,919
INTEREST ON INVESTMENT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTL ANNUAL INCOME	\$ 1,703,400	\$ 1,978,106	\$ 1,948,535	\$ 1,851,201	\$ 1,703,954	\$ 1,526,121	\$ 1,270,311
CASH OUTGO DURING YEAR:							
FEDERAL AVIATION ADMIN	\$ 299,790	\$ 325,000	\$ 350,000	\$ 375,000	\$ 400,000	\$ 425,000	\$ 450,000
OPERATIONS	\$ 232,211	\$ 250,000	\$ 400,000	\$ 450,000	\$ 550,000	\$ 600,000	\$ 650,000
FAIRWAYS AND AIRPORT	\$ 79,700	\$ 75,100	\$ 90,000	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000
FACILITIES & EQUIPMT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RESEARCH/ENGINEERING	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
AND DEVELOPMENT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
AVIATION ADVISORY COMM	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PRIOR COMMITMENTS	\$ 0	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952	\$ 276,952
TOTAL ANNUAL OUTGO	\$ 1,176,701	\$ 1,552,052	\$ 1,866,952	\$ 1,596,952	\$ 1,776,952	\$ 1,906,952	\$ 2,036,952
UNEXPENDED BALANC., END YR	\$ 4,224,646	\$ 4,650,700	\$ 4,732,282	\$ 4,986,532	\$ 4,913,533	\$ 4,532,702	\$ 3,766,061

3/11

DEPARTMENT OF TRANSPORTATION,
AERONAUTICS DIVISION,
Des Moines, Iowa, August 16, 1979.

Mr. THOMAS WASINGER,
Special Assistant to Senator Roger W. Jepsen,
Dirksen Building, Washington, D.C.

DEAR TOM: After our discussion yesterday, the Aeronautics staff and I came up with the following thoughts on the Federal Aviation Trust fund:

1. Continue present enplanement allocations to air carrier airports.
2. Develop equitable allocation policy/formula for commuter airports. This allocation policy should provide for correcting current deficiencies at commuter airports within a short range period on five year improvement plans.

3. Equip *all* existing reliever airports with a precision instrument approach to at least one runway within twenty four months. If manufacturers cannot accommodate this schedule, then as soon as practicable.

4. Build new relievers where needed and expand existing relievers to following standards, in addition to ILS as in 3. above.

- a. 6500' minimum runway length, Iowa locations, or equivalent as determined by elevation and mean temperatures at other locations.

- b. Secondary runway 80 percent of length of primary runway. (Runway pavement designs to provide strength to accommodate *all* corporate and commuter aircraft.)

- c. Hangars, apron areas, taxiways and service facilities to meet demand as determined by Master Plan.

- d. Terminal/FBO facilities as recommended by Master Plan.

5. Consideration should be given to adjusting the sharing ratio for construction of new reliever airports only as necessary in those cases where the new airport is critically needed but the local share on an 80/20 basis would be excessively burdensome.

6. Increase annual expenditure on general aviation (GA) airports to meet all short range unmet needs within five years.

7. Increase discretionary allocation to add flexibility and to be able to respond to emergency needs and other unforeseen needs. This should include a policy of encouraging states to make advance preparations so that they can accept and efficiently utilize funding on short notice.

Limit annual Trust Fund expenditures for FAA operations to perhaps 20 percent of the same year direct expenditures from the Trust Fund on ADAP projects.

The above recommendations can best be implemented if lump sum allocations for existing reliever, commuter, and other GA airports are made to those states that have adequate aviation organizations for administration of the program. This would surely be more desirable from the FAA viewpoint in those states that have undertaken to develop state standards approved by FAA for GA airports. Iowa DOT meets both of the above.

It is expected and considered reasonable that FAA would retain the direct role in ADAP funding for air carrier and new reliever airports.

Most of the above recommendations would incur spending rates that cannot be sustained indefinitely, based upon projected income. Rates of expenditure should be such as to deplete the Trust Fund surplus in the next five years. Reasons:

- (1) Savings accrue on projects done to preclude failures (an overlay while base course is still good, for example).

- (2) Needs are being created faster than they are being remedied.

- (3) There is no sound argument for holding (or adding to) a surplus when valid requirements are not being met.

I hope this and the other documents provide the data you needed.

Sincerely,

HARRY A. HOOVER, *Director.*

PAN AM,
October 3, 1979.

Hon. HOWARD W. CANNON,
Chairman, Senate Committee on Commerce, Science, and Transportation,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing with respect to S. 1648 and request that this letter be made a part of the hearing record. Pan Am supports this legislation and

hopes that it can be promptly passed. We would like to suggest three amendments to the bill, none of which affects the principles on which it is based.

Security Charges

An amendment should be included in S. 1648 to continue the appropriation authorization for the reimbursement of air carriers for their expenditures in maintaining security facilities for passengers moving in foreign air transportation. The Congress imposed this reimbursement obligation on the Secretary of Transportation on July 12, 1976 but extraordinary administrative delay has prevented him from responding to the congressional direction. The background of the problem is as follows.

Since 1972 Federal regulations have required U.S. airlines to provide security measures both at home and abroad to prevent hijackings and related crimes. The Congress acted on the matter in the Air Transportation Security Act of 1974 (adopted August 5, 1974). It was recognized then and still is that the carriers who are required to undertake these extraordinary measures are entitled to recover the related expenses from their passengers. The Civil Aeronautics Board acted promptly in carrying out this policy with respect to domestic operations and directed the collection of a security surcharge which continued from 1973 to 1976. Later, the Civil Aeronautics Board directed the elimination of the formal surcharge but authorized the inclusion within the carriers' passenger fares of specific amounts for this purpose. These amounts are still being collected with respect to intrastate, interstate and overseas air transportation. No provision was ever made, however, for the reimbursement of the carriers with respect to foreign air transportation. Since the CAB has no jurisdiction to handle the matter authoritatively as it had done with respect to domestic operations, there was built into this series of regulations and administrative actions a serious inequity. While carriers largely engaged in foreign air transportation were subject to the extraordinary security requirements they, unlike those largely engaged in domestic operations, were denied any reimbursement for their cost. Pan American was particularly affected, of course, since its traffic is almost wholly foreign and its required security expenditures are very large. The company has no way of recovering these costs which now have aggregated almost \$20 million.

In 1976 this problem was brought to the attention of Congress and the Congress enacted legislation (Section 24 of Public Law 94-353) designed to eliminate this inequity. The law directed the Secretary of Transportation to reimburse carriers for their security expenses attributable to the screening of passengers moving in foreign air transportation. These amounts were to be reduced by any excess of compensation which the carrier had received from its domestic operations. The Secretary was authorized to issue regulations necessary to carry out this responsibility. Appropriation authorizations were provided to cover the fiscal years 1976, 1977 and 1978, but no authorizations have been made for subsequent years. For reasons set forth hereafter no appropriations have been made.

It was not until October of 1977, 16 months after the legislation was enacted, that the Secretary began the process of developing regulations necessary to carry out the statute. On that date the FAA, to whom he had delegated this responsibility, published a Notice of Proposed Rulemaking. Comments were solicited and a hearing held. It was not until November 1978, a year and one month after the rulemaking proceeding was launched, and two years and five months after the statute was passed, that a report was filed with the FAA endorsing the carrier claims in principle and recommending means by which exact amounts should be determined.

The only issue of substance raised in these proceedings was the assertion by the CAB that the carriers might have already recovered the security expenditures through rate increases during the period concerned. The CAB did not prove, or offer to prove, its assertion and the hearing officer, after reviewing the hearing record, concluded "In brief, the CAB has not established a basis for negating Section 24(a) of the law and the FAA should proceed to disburse the \$9.75 million within the framework of the law and proper accounting methods."

Neither the FAA nor the Secretary of Transportation have taken any action with respect to this report. During this long period we have brought this matter to the attention of the Appropriations Committees of Congress, but they, with justification, have concluded that they must await the recommendation of the Secretary of Transportation for the payment of exact amounts. Thus administrative delay has thwarted the efforts of the Congress to eliminate a serious inequity and has made necessary legislation extending the appropriation authorization contained in the original legislation.

Inspection Agency Facilities

Federal inspection agencies continue to receive their airport facilities and services free notwithstanding specific authorization to pay for them. The net effect of that practice is that the tenant airlines who are responsible for airport fees and charges actually pay for these government facilities, which are not provided for the benefit of airlines, but are used to collect the Federal revenue and enforce other border crossing requirements. It is particularly appropriate at this time when larger airports are to be excluded from ADAP grants that this practice be brought to an end.

The inspection agencies are no more pleased with the present arrangement than are the airlines. In 1974, Congressman Tom Steed, Chairman of the Appropriations Subcommittee which deals with Customs appropriations, requested a study of the acquisition of Customs space at airports. The study was made and includes the following introductory statement:

"Historically, Customs has negotiated with airport and/or carrier managers to obtain, at no expense to Customs, whatever space could be made available for use by Federal inspectional agencies to process international passengers and their baggage entering the United States. Customs has never been required to provide funds for the leasing of space for such purposes although Public Law 87-255 (49 U.S.C. 1509) did grant Customs authority to pay for (lease) space at public airports. In some instances, the facilities provided Customs at no charge, are not adequate to accommodate our highly developed inspectional operation. There are cases where these facilities are so inadequate that arriving passengers are subjected to unkempt and overcrowded surroundings which do not provide reasonable comforts. With the increasing passenger aircraft capacity, the problem of inadequate passenger processing facilities more acutely inhibits the Federal inspection officer from performing in a highly effective manner. This results in passenger hostility which hampers processing and creates unnecessary problems."

The study reported that Customs was occupying about 750,000 feet of space having a rental value of about \$7.2 million (this does not include space occupied by Immigration, Agriculture or Public Health) and recommended that:

"Legislation be drafted to authorize grants or subsidies for the construction of such facilities at airports as Customs deems necessary to effectively accomplish its mission, conditioned upon such facilities meeting certain established requirements of the United States Customs Service and/or the Department of the Treasury."

Thus, in order to terminate this unfair imposition on the nation's airlines and to improve inspection agency facilities, we recommend that an amendment be included in S. 1648 which would forbid the assessment against airlines of the expense of inspection agency facilities and services at airports. The inspection agencies could then work out with the airport authorities appropriate measures to design and pay for their requirements.

Inspection Agency Expenses

For many years carriers have been required to pay a part of the expenses incurred by inspection agencies usually measured by the "overtime" worked by inspection agency employees. We have long protested the inequity of private citizens paying a portion of the wages of government employees engaged in the enforcement of Federal revenue and other laws. During the past five years Pan Am alone has paid over \$12.5 million. In the Airport and Airway Development Act of 1970 partial relief from this burden was given to private operators of aircraft. In the 1976 amendments, partial relief was given to air carriers (Section 15 of Public Law 94-353). Even with this change Pan Am has paid almost \$5 million for 1977 and 1978. We think the time has come now for the complete elimination of the practice of requiring scheduled air carriers to pay the salaries of government employees and we hope it will be possible to amend S. 1648 to achieve this result.

Suggested amendments to carry these recommendations into effect are attached.

Sincerely,

JOHN KRIMSKY, Jr.,
Vice President, Federal Affairs.

Attachment.

AMENDMENTS

Security Charges

Subsection (c) of Section 24 of Public Law 94-353 (49 U.S.C. 1356(c)) is amended by striking out "\$3,000,000 for the fiscal years 1977 and 1978" and inserting in lieu thereof "\$5,000,000 for fiscal years thereafter."

Inspection Agency Facilities

Amendment to S. 1648. Pg. 47, line 7, strike everything in para (8) after the word "collection" and insert in lieu thereof the following:

"; *provided* that no part of the Federal share of an airport development or airport planning project for which a grant is made under this Act or under the Federal Airport Act or the Airport and Airway Development Act of 1970, as amended, shall be included in the rate base in establishing fees, rates, and charges for users of that airport, and *provided further* that such fee and rental structure for the facilities and services being provided the airport users shall not include amounts arising from the grant by the airport operator or owner to Federal inspection agencies of free use of airport facilities and services."

Inspection Agency Overtime

Subsection (e) of Section 53 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1741) is amended by striking out the first sentence of such subsection and inserting in lieu thereof the following:

"e. The cost of any inspection or quarantine service which is required to be performed by the Federal Government or any agency thereof at airports of entry or other places of inspection as a consequence of the operation of aircraft shall not be assessed against the owners or operators of such aircraft if such service is performed during regularly established hours of service or if such aircraft are engaged in scheduled air transportation."

CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS,
Los Angeles, Calif., October 3, 1979.

Hon. HOWARD CANNON,
U.S. Senator,
Washington, D.C.
(Attention of Mr. Charles Barclay).

DEAR SENATOR CANNON: This letter will confirm my recent discussions with the Senator and you regarding events which have occurred here in California that merit attention. In the past few years there has been some increasing interest in Congress and within the Administration about increasing the role of state aviation organizations in airport matters.

Needless to say, the expertise of the state aviation agencies to deal with these complex matters varies considerably from state to state. While we have considerable respect for the professionalism of those within the State of California Department of Transportation's aviation branch, there has been a concerted effort on their part to involve themselves much more deeply in commercial aviation issues.

Traditionally, the role of the State aviation people in California has been one of assistance to the smaller airports that are unable to afford large technical staffs. They have also had a modest grant program, at least by our standards for financial assistance to the small hub and general aviation airports. This is certainly a role for which they are eminently suited.

Their posture, however, has undergone a very marked change in the very recent past which give us cause for considerable concern. The first issue arose over the proposed Palmdale International Airport. As you know, this site was selected in the Antelope Valley in the late 1960's as a relief valve for future aviation airport growth in Southern California. This site of nearly 18,000 acres was selected after an exhaustive study involving our Department, the FAA, the airlines and with the complete cooperation of the State aviation people.

Under California law, a Site Permit is required, and following a series of public hearings in 1969, the State granted such a Site Approval which in our view, was unrestrained by the time limit. Subsequently, the law has been changed to provide that such Site Approvals have to be renewed on an annual basis. During the intervening 10 years, there have been repeated contacts with the State to keep them abreast of the progress being made at Palmdale, which has admittedly been slow, as the result of litigation and legal necessity to undertake a massive environmental study of the site. There have been innumerable public hearings and wide press coverage of these matters, and the State has participated in the environmental review process.

Early this summer we were advised by the State Aviation Director that they had determined that the Site Permit had expired and that they were not inclined to renew the Permit without a new and complete investigation and public hearing of the whole issue of whether or not the Palmdale Airport is needed. While all the local planning groups, such as the Southern California Association of Governments,

have long felt that Palmdale is an essential part of the future air transportation system of Southern California, it has become apparent from subsequent discussions with the State transportation people that they simply do not agree. They feel that Palmdale is too remote, and in fact, seriously question whether Palmdale should ever be developed. The fact that over \$85 million in public funds have been spent for the land acquisition does not seem to impress them.

We are, needless to say, appalled that after seeking and obtaining the cooperation of the State in this aviation effort, and after all these years, that this eleventh-hour change in direction is disturbing to say the least. The matter is now in litigation, and the State has been disinclined to consider any alternative measure such as additional studies to satisfy their concerns. This leads us to the inescapable belief that they have already concluded that the project should be scrapped.

The second major issue which has arisen between this Department and the State of California occurred late in June. As part of our master plan for the development of Ontario International Airport, we proposed a replacement runway project which was the subject of a six-year environmental study, which has been approved through the State and Federal process. This new runway would permit the introduction of wide body quiet jets to Ontario, and would relocate the threshold 2,200 feet to the east so that takeoffs of jet aircraft would be higher over the developed area to the west of Ontario Airport.

This solution was heralded as an extremely environmentally beneficial project, and has received wide public support. The State law provides that an amended permit must be secured from the State when a new runway is being constructed. Application was made for what we felt to be a pro forma action by the State aviation people. In the outset we were sure that we would receive expedited treatment, and, recognizing that they had participated in the many public hearings and environmental review processes, that all the questions had been asked and answered.

Needless to say, through the process it became apparent that there was again a change in direction of the State, and they then indicated they felt a new public hearing should be held. After a series of fruitless discussions, the public hearing was held and the real reason for the State's insistence became apparent. What the State proposed was a condition for the permit to allow the construction of the new runway which would obligate the Los Angeles Department of Airports to conduct a traffic study of the adjoining streets, highways and freeways prior to the construction of any new terminals.

We certainly had no quarrel with such a study and, as a matter of fact, good planning would dictate that it be done as part of the master plan development process at Ontario Airport which is growing very, very rapidly.

However, the additional condition which the State demanded be included was a provision that not only would we undertake the study, but that prior to construction, we would pay for whatever off-site traffic improvements were required. This kind of blank check assurance was fiscally and legally unacceptable to us, and after some discussion, it is at least modified to the point that we are required to undertake the study and, to the extent of our legal ability, provide for means by which these off-site street improvements would be financed.

Time will only tell how this matter will work out, but it has gotten off to a very shaky start. This, coupled with the actions at Palmdale, have strained our relationships with the State, as you might surmise. It seems to us that these actions reflect a definite "no growth" attitude on the part of the State, which is completely out of step with the growth taking place within the aviation industry and the future implications of deregulation.

It has always been our policy to cooperate fully with all of the groups that have some jurisdiction over transportation modes, and we respect the fact that there are often times differences of opinions even among friends.

The aviation system here in Southern California has grown and prospered pretty well, but if the events of the past few months are any indication (and we think they are), we would have grave concern about increasing the role of the California aviation organization by Federal action.

Sincerely,

CLIFTON A. MOORE,
General Manager.

