



**PRESIDENT'S DEPARTMENT
AIR LINE PILOTS ASSOCIATION, INTERNATIONAL**

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September 13, 2007

The Honorable Max Baucus
Chairman, Senate Finance Committee
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Baucus:

The U.S. aviation system has reached a crossroads. It will either continue to create millions of jobs and fuel economic development — not to mention moving people and goods safely from point A to point B — or it will be hobbled by an outdated infrastructure that is incapable of handling the widely anticipated growth in air travel. The Federal Aviation Administration (FAA) estimates that air traffic will increase threefold by 2025 and flight delays will climb by as much as 62 percent in just the next seven years if the system is not modernized to meet these rising demands.

A broad consensus agrees that the most significant advancement toward meeting this challenge is deploying the Next Generation Air Transportation System (NextGen) which is designed to use advanced technology to more efficiently manage air traffic flow, enhance safety, and ultimately lead to less congestion and significantly increased capacity in the system. The cost, however, is significant, and the issue at hand is figuring out how to secure a reliable sustainable funding stream that brings NextGen on-line in an expedited fashion.

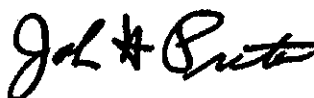
As the Senate Finance Committee considers this crucial funding piece of the FAA reauthorization bill, the Air Line Pilots Association (ALPA) believes that financing the modernization of the Air Traffic Control (ATC) system can only be achieved by spreading it out among all users in a fair, balanced, and equitable manner. That was exactly the intent when the Airport and Airway Trust Fund was created in 1970. In short, aircraft operators paid excise taxes that accurately reflected their use of FAA services. Unfortunately, this funding structure no longer exists. Commercial aviation pays 97 percent of FAA taxes even though they are just 73 percent of all air traffic costs compared with business aviation which pays just 3 percent of FAA taxes but are 21 percent of all air traffic costs. There is nothing unreasonable about requiring all aircraft operators to pay for the costs they impose on the ATC system. By linking taxes back to costs, the financing system will ensure that Trust Fund revenues keep pace with FAA



costs, reduce overall FAA operating expenses by encouraging more efficient use of services, and return equity and proportionality to the system.

U.S. aviation and its impact on the economy is highly dependent on the successful transition and ultimate deployment of NextGen, but securing the necessary funding stream must be a responsibility and effort equally shared by everyone involved.

Sincerely,

A handwritten signature in black ink, appearing to read "John H. Prater". The signature is written in a cursive, somewhat stylized font.

John H. Prater, President
Air Line Pilots Association

JP:jc