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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

WEB SITE: <http://commerce.senate.gov>

July 26, 2011

Mr. Richard Anderson, CEO of Delta Air Lines and ATA
Air Transport Association
1301 Pennsylvania Avenue, NW Suite 1100
Washington, DC 20004

Dear Mr. Anderson,

Given the Air Transport Association's (ATA) constant complaints about the burden that government taxes and fees impose on air travelers, we are deeply perplexed by the industry's pocketing of passenger tax revenue even though they expired on July 22, 2011. According to press reports, most of ATA's members have elected not to pass the savings along to consumers through reduced ticket prices, but rather have decided to increase the base fare of airline tickets. As we have heard from airlines for many years, these fees, all of which are passed onto the consumer, depress the demand for air travel hurting the industry's bottom line. We are left to conclude that your previous assertions were incorrect about the impact of taxes and fees on the industry. We would urge you to stop this misleading campaign about the impact of taxes and fees on the aviation industry.

Although this policy may increase your bottom line in the short-term, we are afraid it will have long-term negative repercussions for the industry – one we have worked hard to strengthen over our careers. We have been working to make sure that the United States transitions from its antiquated radar-based air traffic control system to a digital GPS-based system. The FAA estimates that it will cost the agency \$20 billion in the coming years to transition fully to the Next Generation Air Transportation System (NextGen). The lapse of the current aviation taxes puts an enormous strain on the Airport and Airway Trust Fund (AATF), which funds our nation's aviation system. The airline industry will be the main beneficiary of NextGen. As you know, it will create efficiencies in the National Airspace System (NAS) saving millions of gallons of fuel annually, the industry's number one cost driver.

We urge the nation's airlines to put all of the profits that they are making from the lapse of the aviation taxes into an escrow account so that they can be transferred back into the AATF when Congress reinstates the taxes. This will make sure that the AATF has the resources it needs to continue to build a safe, efficient, and modern aviation

system for your users and the traveling public. We are pleased that many airlines are enjoying a level of profitability not seen in many years, but our nation's aviation system cannot afford to have this tax revenue siphoned off by the industry. If the industry is unwilling to protect the integrity of the AATF, at a minimum, it should pass the savings onto consumers who have been burdened with as much as \$8 billion in airline-imposed fees over the past year. Consumers pay these taxes and fees to support the aviation system and it is patently unfair for the industry to charge them to travelers and not have them see any benefit.

The status of the AATF and how it is funded is an issue that we intend to remain keenly vigilant on as Chairman of the Senate Committee on Commerce, Science and Transportation and Chairwoman of the Subcommittee on Aviation Operations, Safety, and Security. We look forward to working on these issues with you in the coming months.

Sincerely,

A handwritten signature in blue ink that reads "Jay Rockefeller". The signature is fluid and cursive, with the first name "Jay" being particularly prominent.

Senator John D. Rockefeller IV
Chairman
Senate Committee on Commerce, Science,
and Transportation

A handwritten signature in blue ink that reads "Maria Cantwell". The signature is fluid and cursive, with the first name "Maria" being particularly prominent.

Senator Maria Cantwell
Chairwoman
Subcommittee on Aviation
Operations, Safety, and Security