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Before the
House Transportation and Infrastructure Subcommittee on Aviation
"FAA's Airport Improvement Program"

March 28, 2007

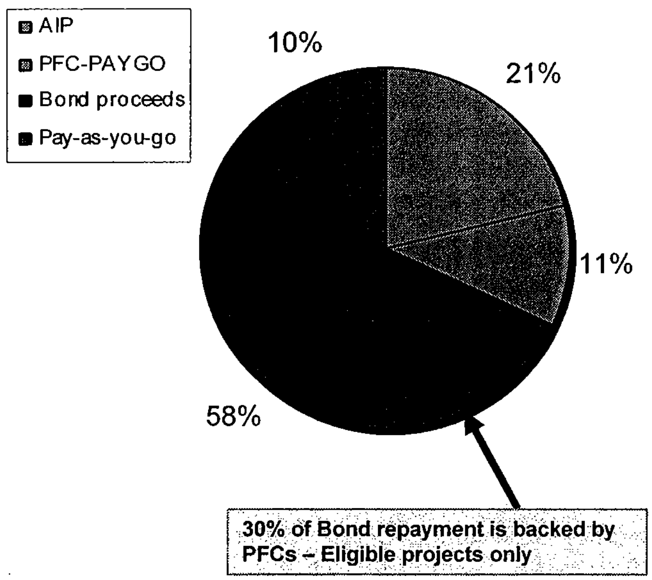
Chairman Costello, Ranking Member Petri, and members of the subcommittee, thank you for the invitation to appear before the subcommittee today to offer the views of America's airports on the Administration's FAA reauthorization proposal (the *Next Generation Air Transportation System Financing Act of 2007 (NextGen))* and the future of the Airport Improvement Program (AIP). As the President of Airports Council International – North America (ACI-NA), I am testifying today on behalf of the local, regional, and state governing bodies that own and operate commercial service airports in the United States and Canada. ACI-NA member airports enplane more than 95 percent of the domestic and virtually all the international airline passenger and cargo traffic in North America. Nearly 400 aviation-related businesses are also members of ACI-NA.

We commend you Mr. Chairman for holding these series of hearings on the Administration's *NextGen* proposal. Given the current challenges of funding FAA obligations, the scope of the Administration's *NextGen* proposal, and the upcoming September 30 expiration of the authorization (and the taxes and fees that support it), it is time that the aviation community and members of this subcommittee work collaboratively for solutions that serve all segments of our vital industry. In order to avoid significant disruption to the operation, maintenance, and development of our aviation system, it is imperative to all aviation users and the many indirect beneficiaries in the economy that a reauthorization bill be signed into law before the end of the fiscal year.

A Renewed National Commitment to Aviation Infrastructure Investment

Financing Capital Development

The stakes are particularly high this year, as all available data and forecasts indicate that passenger growth is back and we are looking at the prospect of adding three hundred million new passengers – the current population of the United States – to the system in the next ten years. As airports plan capital development programs to meet those needs, they employ a variety of strategies and tools including bond financing, Passenger Facility Charges, Airport Improvement Program funding, and airport-generated revenue, as shown in the following chart.



Sources: FAA, US Treasury, Thomson Financial Data Services, ACI-NA for the period 2000-2004

To date the use of bond financing for airport capital projects has been essential and extremely successful. This keystone strategy is even more important with the outlook for future traffic growth and limited availability of funds today. For a variety of reasons, ranging from the impact of construction cost inflation to an outdated PFC cap to unfavorable tax law treatment for airport bonds to the annual fight over proposals to cut AIP, it is becoming increasingly difficult for airports to meet growing needs. For these reasons, airport operators believe that any successful proposal for reauthorization must give local airports maximum capacity, authority, and flexibility to manage their capital development programs to balance the diverse sources available to them.

Airport Capital Needs

ACI-NA's latest *Capital Needs Survey* estimates over $17.5 billion in annual airport capital needs (survey results are currently being finalized). With the return to record enplanement levels, and with the dramatic increases in construction costs over recent years, this is a 22.2% increase over the $14.3 billion estimate of just two years ago. ACI-NA's survey is the most comprehensive of any survey conducted, estimating all airside and landside needs, and accounting for all funding sources that are applied against those needs (e.g., AIP, PFCs, revenue bond financing, state and local government assistance, and use of retained earnings). Given that the current federal contribution toward these needs is $3.515 billion (the final FY 2007 AIP appropriation), the reliance of the airport industry on locally generated funds—including PFCs and revenue bond financing that is often backed by future PFC revenues—is inescapable.

This industry-wide summary, however, should not overlook the very different roles that AIP plays within the capital plans of individual airports. According to FAA data presented in its stakeholder package distributed in 2006, in advance of releasing the *NextGen* proposal, the percentage contribution AIP makes to an airport's capital program is inversely related to an airport's size:

Airport Class[1]	AIP% of Capital Program	Traffic Rank
Large Hubs	16%	1-31
Medium Hubs	29%	32-68
Small Hubs	51%	69-137
Non-Hubs	94%	138-382
Non-Primary	89%	383-517

There are two reasons for the variation among airport size categories. Larger airports collect more local revenue from PFCs and from aeronautical and non-aeronautical airport sources and, therefore, AIP funds represent a smaller share of their overall program. With available local sources, the larger airports have enhanced ability to access the financial markets and issue revenue bonds. These bonds are backed by a wide variety of airport aeronautical (e.g., landing fees) and non-aeronautical (e.g., parking lots, concessions) revenues. PFC-backed bonds are also issued—typically with other commingled revenue sources and also pledged to repay the bond's principal and interest payments—although only for those projects that are PFC eligible and approved by FAA.

Because smaller airports have fewer passengers, collect less PFCs, and generate less local revenue, these airports are viewed as less creditworthy in the capital markets, making it more challenging (sometimes impossible) to finance projects through the issuance of bonds. The result is that AIP is their capital program's lifeblood for many of these airports, making them highly dependent on it for safety and capacity improvements.

Clearly, the industry needs the full array of tools at its disposal to finance the capital development needed to support a strong, competitive and growing air transportation system. For these reasons, the airport community is advocating policy changes to permit greater airport access to local sources of capital, combined with continuing and stronger federal support for airport development, so that our members can make the necessary investments in airside, terminal, and airport access projects. The ability to make those investments on behalf of our air transportation system requires that we achieve four complimentary goals:

1. Airports require the local authority to raise the passenger facility charge (PFC) ceiling to $7.50 and permit airports to choose their own rate level for PFCs within this ceiling, preferably in $.25 increments. The adjustment of the ceiling will allow airports to recover the PFCs lost value and to fund critical projects and the freedom to work at rate levels within this ceiling will give airports greater flexibility. We urge Congress to index the PFC to project-cost inflation so that PFCs retain their purchasing and financing powers in future years. We also strongly support *NextGen's* recommendations to make

[1] Large-hubs have over 1% of annual system boardings; medium-hubs between 0.25% and 1%; small-hubs between 0.05% and 0.25%; non-hubs have more than 10,000 boardings but less than 0.05%, and non-primaries have up to 10,000 annual boardings.

legislative changes in the PFC program that recognize the more than 15 years of success of PFCs, first addressed here in 1990.

2. Airports, the FAA, and the entire aviation community find it essential that the Airport and Airway Trust Fund (AATF) together with a proper and equitable level of financial support from the general fund—in order to reflect the benefits of the system throughout the economy—are both needed to provide the necessary support for FAA's capital accounts, including F&E and AIP.

3. Airports require strong AIP support, especially for those airports that rely on federal grants for their principal source of capital. We also need a strong AIP discretionary program and support for FAA's successful but undersized Letter-of-Intent Program for safety and capacity projects, since these AIP program elements underwrite local airport projects essential to supporting a system having national interest but local ownership.

4. Airports require that Congress reform the tax treatment of airport bonds, recognizing that they are by their nature governmental, not private purpose. Removing the taxation of interest under the Alternative Minimum Tax (AMT) from the more than 60% of airport bonds issued would provide airports with more funding capacity and enhance their ability to refinance their debts. In particular, airports need relief to allow projects eligible for AIP funds or PFCs paid by the public to be financed as governmental bonds, not private activity bonds.

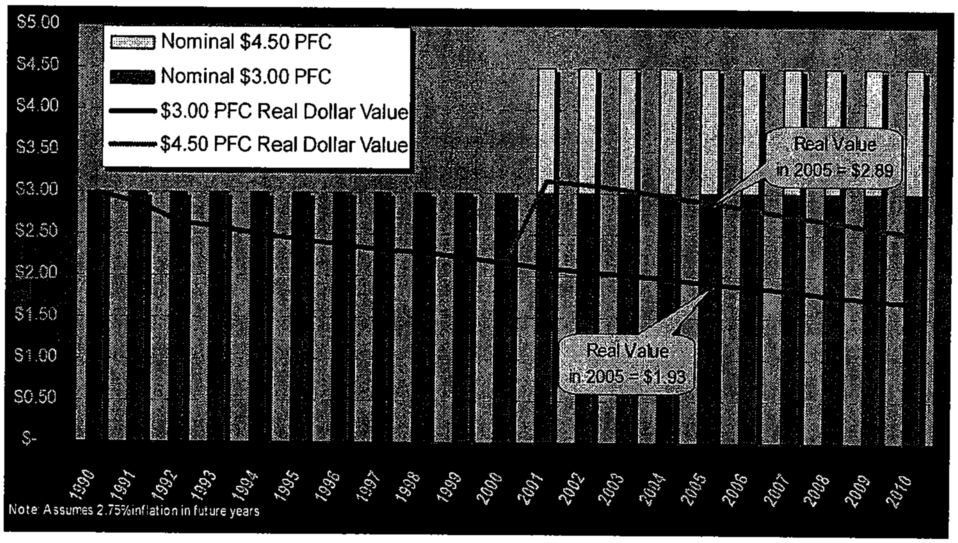
If Congress provides this leadership and adopts these goals, you will have gone a long way to help airports meet current and future demand, the changing infrastructure needs of airports, and our passengers' justifiably high expectations about airport service levels. Given their role and responsibilities, airports must plan and make these investments at a time when the industry continues to undergo significant changes. Enhanced security requirements, airline restructurings and bankruptcies, new air carrier fleet mixes, loss of service and frequencies to some communities, and congestion and delay at other communities are among the many challenges faced by airport operators today. Through these last eventful and challenging years, airport operators have repeatedly made the right decisions for their facilities, communities, and the larger aviation system.

***NextGen* and PFCs**

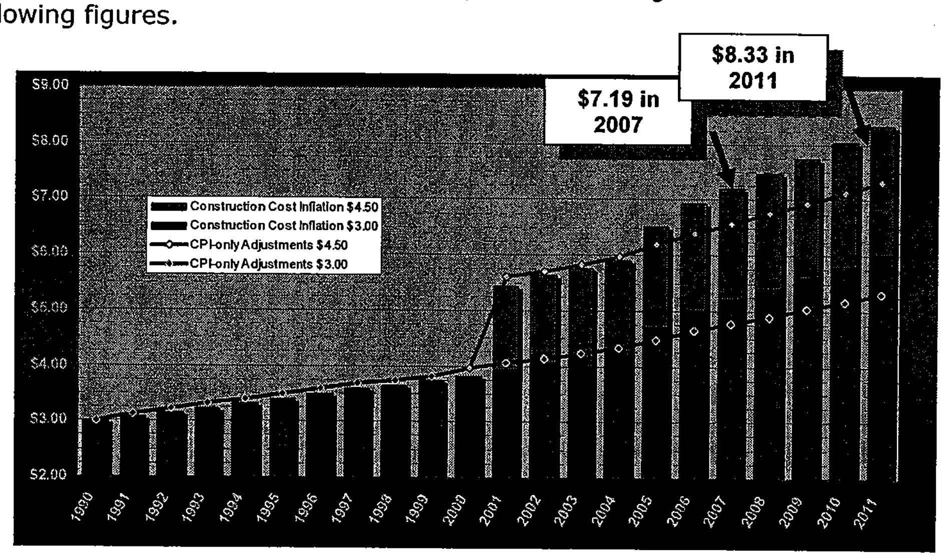
There is perhaps no greater evidence of the ability of the airport community to make prudent decisions for the benefit of the traveling public than the way in which airports have utilized Passenger Facility Charges and project finance concepts to add and modernize capacity. PFCs are clearly a tool that works; having proven itself over a period of over 15 years. PFCs are a critical airport infrastructure financing tool, well regarded by the financial community and used responsibly by the nation's airport community to expand capacity.

As members of the subcommittee are well aware, the PFC program's objectives are to (1) preserve or enhance the safety, capacity, or security of the national air transportation system, (2) reduce noise or mitigate noise impacts resulting from an airport that is part of such system, and (3) furnish opportunities for enhanced competition between or among air carriers. By these measuring sticks, and the over $50 billion in airport capital projects that PFCs have supported, the PFC program has been tremendously successful.

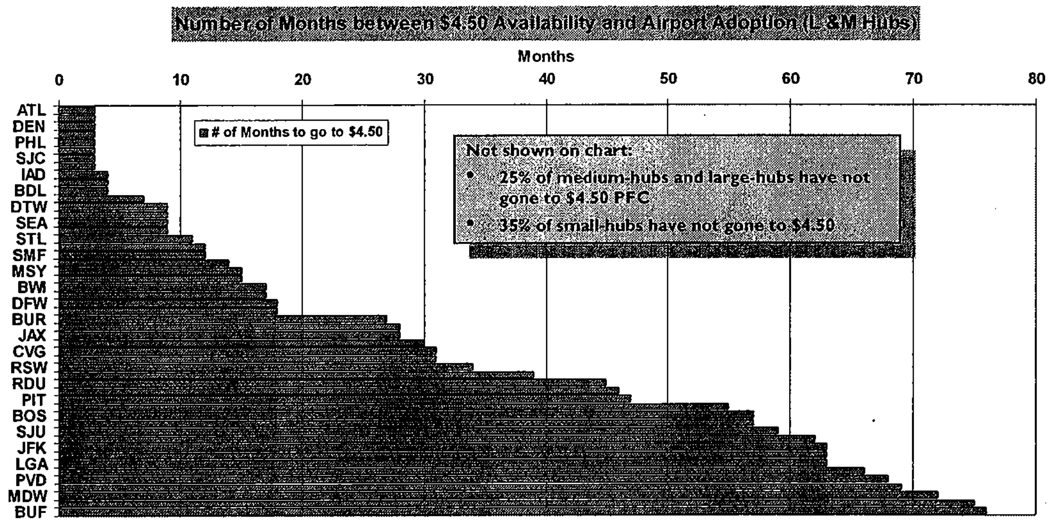
The PFC Ceiling: ACI-NA recommends that the current PFC ceiling be set at $7.50 and adjusted annually for changes in project-cost inflation. While the Administration's $6.00 recommendation is a useful first step, it is not sufficient to offset the (1) deflated value of the current PFC, (2) the proposed mandatory phase-out, then elimination of AIP entitlements for large and medium-hub airports, and (3) the increased capital needs of airports to accommodate growth and relieve congestion. The current $3.00 and $4.50 PFC ceilings have not been raised since 1990 and 2000 respectively. These two PFC rates, each having different regulatory requirements, are in 2007 worth much less in real terms when deflated using the Means Construction Cost Index.



To correct for construction cost inflation, the PFC ceiling would need to reflect the following figures.



Further, raising the PFC ceiling, and indexing it for inflation, will allow airports to make local decisions about when and by how much to adjust their PFC. All airports are different and one size does not fit all. As noted in the following chart, airport responsibly use increased PFC authority over time to adjust to local needs, with local support and when it is appropriate for them to do so.



These different levels are a product of airports, in consultation with airlines serving their facilities, determining the best way to pay for airport infrastructure. A project-cost inflation-adjusted ceiling of $7.50 PFC, with alternative rate levels within this ceiling, and strong AIP entitlement and discretionary funding levels will empower airports of all sizes to meet their capital need challenges.

PFC Streamlining: ACI-NA strongly supports *NextGen's* reforms to modernize the PFC project application process and streamline the program's eligibility criteria. Changing PFC eligibility requirements to better track FAA rules that govern the use of airport revenue will simplify significantly the work of airports putting together their capital plans and developing needed infrastructure, and would also reduce FAA's cost of administration. Rather than requiring airports to comply with yet another set of rules governing local revenue, the *NextGen* proposal moves in the correct direction by appropriately treating PFCs like the local revenue they are, while retaining protections for air carriers and passengers by placing their eligibility rules under the familiar regulatory structure. The *NextGen* proposal parallels the way FAA approached approving PFCs for the new Denver International Airport in the early 1990s, which was the most successful airport development project in decades. The FAA's approach was essential in building Denver International Airport and in making its bond financing feasible and well received by the capital markets.

For larger airports, it is ACI-NA's priority to make all parts of airport passenger terminals PFC eligible. This reform would materially help reduce the complex and lengthy review process associated with obtaining FAA approval for passenger terminals. As you know, Mr. Chairman, airline gates and other terminal infrastructure are indispensable to serving existing and potential new air carriers and promoting competition. For many small-hubs, and smaller airports, new eligibility for a broader range of capital projects on the airport (that comply with revenue use laws), would better allow these airports to effectively manage their capital programs, and allow them to promote increased price and service choice for their customers.

Tax Treatment of Airport Bonds: For the airport industry, the largest source of funding for capital projects is airport bonds. Over the last 10 years, airports have issued well over $50 billion in new money airport revenue bonds to fund capital projects. Despite the public nature of most airport facilities, expansive federal regulation of how airports can use their revenue, and numerous public benefits derived from the use of bonds, over 60% of airport bonds currently can only be sold as Private Activity bonds (PABs), rather than as government purpose bonds, which is the tax status for most bonds issued by state and local government entities.

Because interest payments of PABs are subject to the Alternative Minimum Tax, issuers are charged with interest rate premiums of between 10 and 40 basis points (0.10% to 0.40%). This unnecessarily and unfairly raises the cost of airport projects and limits the potential funding capacity of airports. ACI-NA will continue to press the committees of jurisdiction to make airport bonds government (non-AMT) if they are for projects that would be eligible for AIP or PFC funding. This would better recognize the inherent public nature of these investments. It also would make these bonds refundable (thus allowing airports to take advantage of lower interest rates and reducing their capital costs still further).

Federal Programs: The AATF, General Fund and FAA Obligations

ACI-NA member airports are committed to solutions that authorize funding for critical FAA programs and provide solid and sustainable financing for all FAA obligations for this authorization period and beyond. In order to accomplish these goals, we must ensure that (1) the AATF and general fund contributions to FAA programs are both sufficient and (2) the commitments we make in this authorization cycle can afford to be kept in subsequent years.

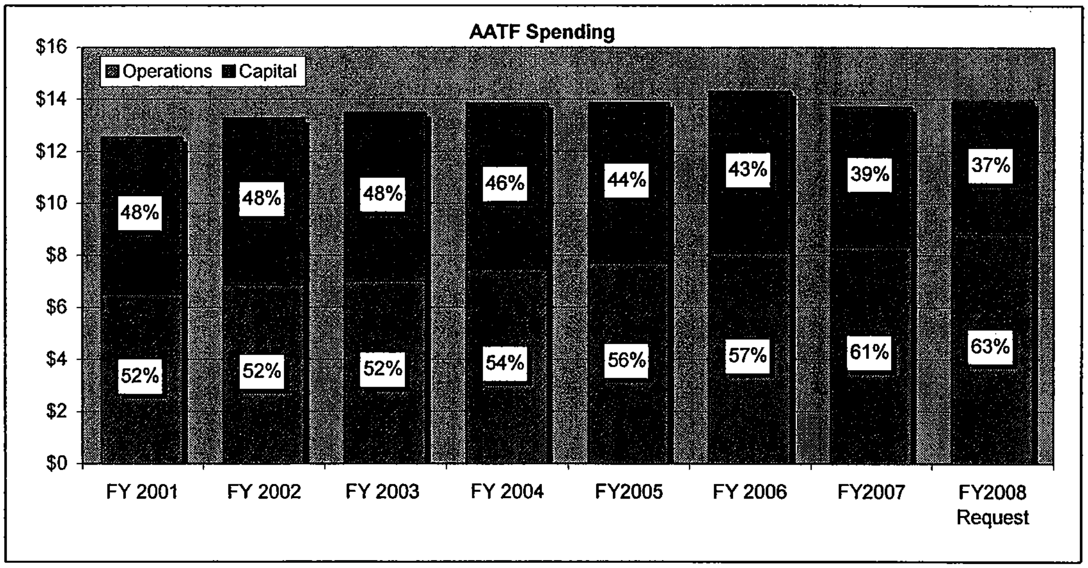
Unfortunately, as you know Mr. Chairman, under Vision 100 the FAA's capital accounts—including AIP and especially the Facilities and Equipment (F&E) accounts—have not been appropriated to the legislation's authorized levels and we have collectively fallen behind in modernizing our system.

The airport community shares the Administration's concern about the long-term financing of the FAA and its capital programs. ACI-NA's research shows, based on historical trends, there is a significant risk that there will not be enough AATF funds to pay for future investments to modernize our air traffic system, particularly with a continued shortfall in contribution from the general fund and pressure from FAA's operating expenses. Projecting the future balances of the AATF and the revenues available for spending is a difficult task as the Government Accountability Office (GAO) and the Department of Transportation's Inspector General (DOTIG) have noted. ACI-NA has examined many of the other estimates of the AATF's financial capacity and we have found that they assume uninterrupted and strong growth in the nation's economy and in the highly cyclical aviation industry, continued large increases in ticket prices for the next decade, and slow annual growth in the FAA's Operations Account (which has in recent years been outpacing the growth of both inflation and the other FAA capital accounts).

Instead of modeling the scenarios that result in only optimistic predictions about the AATF's future, ACI-NA has modeled a variety of scenarios, including optimistic, pessimistic, and ones that track historic averages for revenues and costs. We would be pleased to brief subcommittee members and/or staff on our dynamic model. ACI-NA's model generates "sensitivity analyses," showing what would happen to AATF revenues if assumptions about the nation's economic growth or the performance of the aviation sector are varied. Unlike the other models that we have studied, it has the ability to input any set of revenue or spending assumptions (including the optimistic ones noted above), and modify any of the variables to determine the viability of the financing system under a variety of circumstances.

Mr. Chairman, we believe establishing a financially viable structure should be our first and most important goal. Instead, what we have often witnessed over the past year are groups dedicating their arguments as to which mix of user fees and excise taxes are appropriate to assess the system's users. While concern over costs is understandable and has to be addressed, we should all remember that however the revenues are generated, that they provide the infrastructure and support that enables our industry to be the world's best. Let us all commit to a process and reforms that place FAA funding of capital programs on a more sound financial footing than is the case today. Such changes would also help return the AATF to its original purpose—providing support for air navigation facilities and airport infrastructure.

As illustrated by Chart 1 below, trends reflect the fact that the AATF has increasingly been used to pay for operational expenses rather than capital priorities.

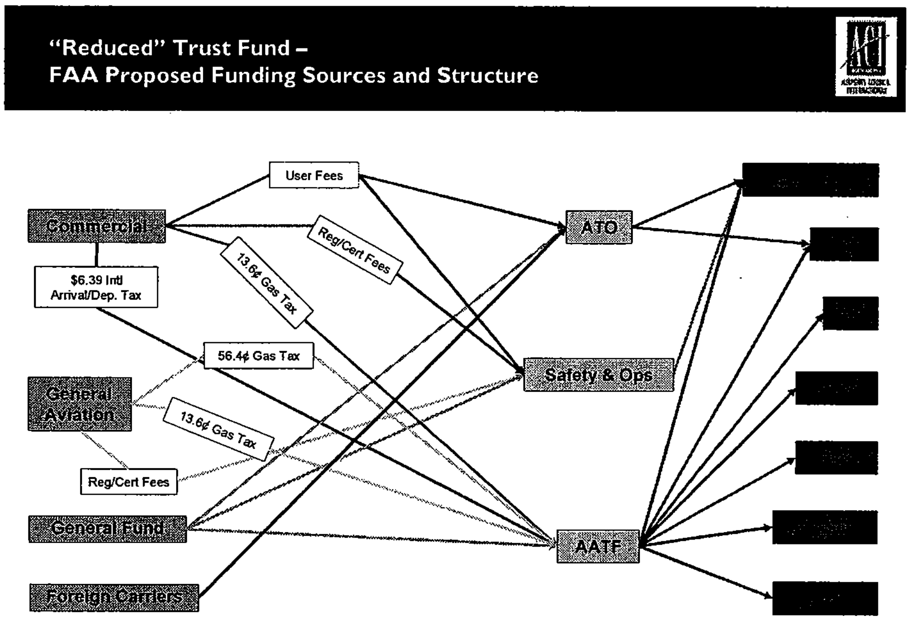


As FAA obligations for its Operations Account have increased over time and as relative general fund contribution have decreased, the Operations Account has gradually accounted for a higher share of AATF revenues. FAA's capital accounts (F&E and AIP), in contrast, have received less and less support. Unless the trend is reversed, capital investments will receive diminishing future shares of AATF revenues. Fixing the historic anomaly that allows for this diversion of investment capital contributed by system users is critical for assuring steady capital investments in modernizing our air traffic control system and upgrading our airport infrastructure.

***NextGen* and Air Traffic Modernization Funding:** While *NextGen* has the headline goal of increasing long-term support for modernization, the Administration's FY 2008 Budget does not immediately signal significant new capital or procedural investments in air traffic control. Airports and airlines are in complete agreement that air traffic modernization needs to receive a higher priority from policymakers.

This means a program of stable and sufficient funding and the FAA clearly articulating to Congress and the aviation community the schedule and benefits of future investments. On the airport side, programs such as ASDE-X, ADS-B, and research into problems such as wake vortex detection, can improve safety and capacity performance today if investments are made and deployments occur expeditiously. In addition, future breakthrough concepts such as realizing the full benefits of performance based navigation—that will determine if the industry can actually accommodate the future traffic and passenger levels predicted for it—may be a decade or more away, but small annual steps, proposed by the Administration and funded by Congress, have to be taken in the interim to begin the process.

***NextGen* and AIP Funding:** While the Administration deserves credit for submitting a comprehensive proposal that it believes addresses many of these issues, we believe that the *NextGen* funding structure for AIP will provide insufficient funding for AIP. Chart 2 provides a graphic representation of *NextGen's* proposed changes to the AATF.



NextGen's financing structure would straitjacket the sources of AIP funding to just two fees: a 13.6 cent fuel tax and a $6.39 international fee per passenger. We understand the FAA's proposed role for the general fund in the AATF is not intended to be used for AIP support, and would accomplish this by walling-off access to general funds from AIP. Instead the general fund in the AATF would be dedicated to specific purposes identified in the *NextGen* bill (i.e., the Air Traffic Organization, Safety and Operations and research). This has the effect of directly tying spending available for AIP in the new, "reduced" version of the AATF exclusively to the two taxes discussed above.

What does this mean? It means that even funding AIP at current Vision 100 authorized levels (or including future project-cost inflation increases in the new authorization levels) will rely on raising these taxes higher than *NextGen's* recommendations. From our point of view, this structure is not workable because it would (1) artificially constrain AIP funding, (2) have the effect of pitting airports against other segments of the aviation industry, and (3) leave airports critically short of capital funding.

If Congress determines that the *NextGen* structure should be used as the basis for reforming the AATF and funding AIP, we recommend (1) sufficient funding to achieve our recommended AIP levels (see below), (2) more appropriate funding sources (e.g., the current segment fee that charges on the basis of airport operations), and (3) greater airport access to general fund dollars.

***NextGen* and AIP**

Funding Recommendations: The Administration's recommended AIP funding levels—$2.75 billion (FY 2008), $2.90 billion (FY 2009) and $3.05 billion (FY 2010)—are very disappointing to airports. At these funding levels, AIP will not provide adequate funding for smaller airports nor will they provide sufficient new funding for nationally important airport projects. As FAA Administrator Marion Blakey noted in the just released *FAA Aerospace Forecasts for Fiscal Years 2007-2020*, the industry is returning to growth and over time "is expected to grow significantly." It is difficult to understand how a 22.8% recommended reduction in AIP funding (compared to FY 2007) will meet either the future requirements implicit in the FAA's Forecast or the 22.2% increase in airport needs identified by ACI-NA's *Capital Needs Survey*.

In contrast, ACI-NA's funding goals for AIP adopt the Vision 100 authorization levels and adjust them to include the effects of construction cost inflation, thus tying them directly to the real-dollar cost of developing needed infrastructure.[2] In the last three years, airports on average have experienced an annual 7.5% increase in construction cost inflation, well above the CPI. Using the Means CCI to project needed AIP funding levels results in a reauthorization recommendation of FY 2008 ($3.8 billion), FY 2009 ($4.0 billion), and FY 2010 ($4.1 billion). These levels will make sure that our nation's airports will not suffer a real decline in the value of their AIP funding solely due to price changes in the greater economy. These levels will also provide FAA with the discretionary dollars for nationally critical safety and capacity projects through Letters-of-Intent and other means.

The airport community hopes that members of this subcommittee will continue your long-term commitment to AIP. We would also point out that by recommending a $2.6 billion contribution from the general fund to FAA obligations, the Administration is recommending a level of 18.5 percent, well below last year's 21.5 percent contribution and the 25 percent general fund contribution that our industry has received and is seeking. More appropriate general fund contributions would go a long way to offsetting the Operations growing share of the AATF and help AIP.

AIP Large-Hub and Medium-Hub Entitlement Phase-out: *NextGen* proposes to phase-out all large and medium-hub entitlements by FY 2010. At the Administration proposed $6.00 PFC level, the trade-off between the proposed PFC adjustment and the eventual elimination of all AIP entitlements will weaken capital development for many medium-hub airports. This reflects the fact that *NextGen* would—we believe inappropriately—treat all large-hub and medium-hub airports as a single class of

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[2] The Means' Construction Cost Index (Means' CCI) is an average of the construction cost indexes for 30 major cities, which is a much more tailored assessment of capital project price trends than is the Consumer Price Index (CPI), the most frequently cited index for consumer prices in the domestic economy. Information on our calculations is available from ACI-NA upon request.

airports—from the nation's busiest large-hubs (e.g., Hartsfield-Jackson Atlanta Airport and Chicago O'Hare) down to the smallest medium-hubs (e.g., Norfolk International Airport and Omaha's Eppley Field). Rather than phasing out all entitlements—whether or not an airport chooses to raise their PFC—ACI-NA urges Congress to retain an airport's discretion to decide if they would prefer higher AIP entitlement funding or a higher PFC level. However, we do not believe airports should be forced to make this choice with a PFC rate level at $6.00 or lower. We believe medium-hub airports would more likely accept the Administration's concept of foregoing AIP passenger entitlements if the PFC ceiling were raise the $7.50 level that ACI-NA advocates.

AIP Discretionary: ACI-NA applauds the increase in discretionary resources that would be made available under *NextGen*. The discretionary account provides support for major airport capacity projects such as those currently underway at Chicago O'Hare and Washington's Dulles International Airport. Under the FAA's Letters-of-Intent, the FAA is able to pledge (subject to appropriations) multi-year grants to airports that provide important financial support and recognize the federal government's commitment to important projects. In FY 2008 alone, the FAA is poised to meet funding provisions of 25 Letter-of-Intent agreements to airports totaling close to $300 million. About 77% of this money is discretionary, with the remaining amounts being pledged airport entitlements. Letters-of-Intent have become critical to the FAA and industry's goals of reducing congestion and delays and improving service levels and ACI-NA hopes the subcommittee will strongly support a more robust discretionary account that would significantly enhance FAA's ability to issue and administer the very successful Letter-of-Intent Program.

$3.2 Billion Trigger: ACI-NA supports the initiative that eliminates the "$3.2 billion trigger," which means primary airports would no longer annually face the risk of a 50% reduction in entitlements and non-primary airports would not lose all entitlements if the appropriated level of AIP fell below $3.2 billion in any year. Elimination of this provision would help (1) airports better plan their capital programs (2) minimize the possibility of unanticipated and unpredictable events that would cause costly project interruptions and (3) provide this protection for the airports that can withstand negative financial events the least.

***NextGen* and Other Airport Proposals**

Small Community Air Service Development Program: ACI-NA is disappointed that *NextGen* does not include funding for this competitive, innovative and successful program. We urge members of the subcommittee to authorize the program at a level of $50 million per year. Sarasota-Bradenton International Airport, for example, used a $1.5 million grant received in August 2004 to be used as a revenue guarantee to attract AirTran Airways to the airport. Together with other local incentives, the grant proved enormously successful, increasing passenger traffic 18% in one year, adding five new daily non-stops the first year, and eventually attracting another airline that saw the potential of the market.

Pilot Program for Market-Based Mechanisms: ACI-NA supports this initiative that would allow up to 15 airports, with approval of the Secretary, to use auctions or congestion pricing to manage congestion. We support the program's recognition that airports should have the primary responsibility for employing market-based mechanisms. We continue to believe that airport operators are best positioned to be the "first line of defense" in establishing economic solutions to govern access to their facilities and to ensure that excessive congestion and delays do not burden sound operation of facilities and passenger service levels. The program would require any "surplus revenue" to be placed in an escrow account for airport-related projects thus tying the additional premium to projects will increase capacity and, in many cases, obviate the need for the mechanisms in the future. If, for whatever reason, airport operators could not make decisions to deal with congestion, this proposal would permit the Secretary to do so if delays impacted the national system.

Airport Privatization Pilot Program: ACI-NA supports the proposed changes included in *NextGen* for this initiative, and supports its continued status as a pilot program rather than permanent, universal authority. Based on ACI-NA's assessments of the pilot program today, it is clear that, in a variety of ways, the original program design was flawed. As a result, the federal government, airport sponsors, and all industry stakeholders have not learned about the level of interest or the possible effects—favorable or unfavorable—of privatization options that airport operators may want to explore. The City of Chicago plans has commenced a privatization initiative for Midway Airport and we believe other commercial service airports would be willing to explore this option for various reasons. ACI-NA recognizes that there is evidence of ample capital to invest in airports through various privatization concepts and believes the pilot program should help the industry tap these sources while protecting the public interest, but before any consideration of making such a concept permanent and available industry-wide.

Airport Cooperative Research Program (ACRP): ACI-NA supports the initiative that would establish a permanent authorization for ACRP. We are especially pleased that at least $5 million would be targeted to research related airport environmental issues. This program, which was originally established as a pilot under Vision 100, is well supported by airports and FAA for its important work to enhance airport research and development. Just last week, ACRP published a comprehensive study on innovative financing for airports, exploring alternative financing options and revenue sources currently available or that could be available in the future to airport operators, stakeholders, and policymakers in the United States. Additionally, research is underway on more than 60 other projects to address aircraft overruns with runway safety areas, assist in managing runoff from aircraft deicing operations, better interpret data on aircraft gaseous and particulate emissions and enhancing land use compatibility for noise mitigation, among other important topics.

Conclusion

Mr. Chairman, this reauthorization effort is the most important in at least a decade. Given the length of time required to build new airport capacity and to modernize our air traffic control system, it is not an exaggeration to say that the decisions we make this year will help decide whether we will meet the challenges of accommodating future demands on our system, or whether we will fail to do so and preside over an industry where delays and congestion become commonplace and the system fails to reach its potential. The members of ACI-NA and I thank you for inviting me to testify today and we are at your disposal to help contribute to a successful resolution of this effort.

Thank you and I'll be pleased to address any questions you might have.