



Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster
Chairman

Washington, DC 20515

Peter A. DeFazio
Ranking Member

October 25, 2017

Mathew M. Sturges, Staff Director

Katherine W. Dedrick, Democratic Staff Director

The Honorable Elaine L. Chao
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue S.E.
Washington, D.C. 20590

Dear Secretary Chao:

I write to urge the Department of Transportation to take long-overdue action to improve transparency in the cost of U.S. air travel.

U.S. airlines took home more than \$13 billion in profits in 2016.¹ More than one-half of this amount— \$ 7.1 billion— came from baggage and change or cancellation fees alone.² However, neither Congress nor the American public can determine airlines' total annual revenue from all optional service fees, much of which is tax-free, because airlines have inconsistent reporting practices and the Department has not set specific reporting requirements with respect to most of these fees.³

On September 20, 2017, the Government Accountability Office (GAO) released a report, titled "Information on Airline Fees for Optional Services", concluding that airlines' revenue from ancillary fees continues to increase year over year and that the Department still has not implemented seven-year-old recommendations to require airlines to report revenue from all ancillary fees— not just from bag and reservation change or cancellation fees, as the Department currently requires.⁴ In its 2010 report on the same subject, GAO found that "[n]ot having a clear accounting makes it difficult for policymakers and regulators to determine total revenues from airline-imposed fees and the impact on the airline industry"⁵ and recommended that the Department require airlines to report all optional service fees paid by passengers in a separate account. Unfortunately, as the most recent report noted, the Department has failed to implement this key recommendation and has left a 2011 rulemaking on the topic unfinished.⁶

¹ U.S. Bureau of Transportation Statistics, *2016 Annual and 4th Quarter Airline Financial Data* (May 2, 2017).

² GAO-17-756 (Sept. 20, 2017) at 1, 5, and 17.

³ See *id.* at 28–29.

⁴ See GAO, *Commercial Aviation: Consumers Could Benefit from Better Information about Airline-Imposed Fees and Refundability of Government-Imposed Taxes and Fees*, GAO-10-785 (July 14, 2010).

⁵ *Id.* at 34.

⁶ 76 Fed. Reg. 41726, 41730 (July 15, 2011).

Moreover, GAO found that airlines report optional service fee revenue inaccurately or inconsistently, despite GAO informing the Department of this issue in 2010. According to GAO, the Department's guidance on how airlines should categorize optional service fees in reports to the Department has not been updated since 2009. The guidance is not clear and does not account for the numerous new ancillary charges that airlines have created over the past eight years. GAO reported that Department officials have no plans to update this outdated guidance.⁷

With more than 700 million passengers taking to the skies each year in the United States, and numerous high-profile airline customer service-related events in the last year alone, the Department's role and responsibilities with regard to aviation consumer protection matters cannot and should not be taken lightly.

Airline passengers are entitled to transparency in the cost of air travel in the United States, and it is essential that Members of Congress have a complete understanding of the total revenue that airlines receive from their ever-growing list of optional service fees. I respectfully urge the Department to finalize its 2011 rulemaking requiring airlines to report all optional service fees and to update and refine its 2009 guidance on how airlines should report such fees to the agency.

Thank you for your consideration.

Sincerely,



PETER DeFAZIO
Ranking Member

⁷ See GAO-17-756 at 28-29.