

March 13, 2014

The Honorable Bill Shuster
Chairman
Committee on Transportation and Infrastructure
United States House of Representatives
2165 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Shuster:

I write to thank you and your colleagues for introducing the Transparent Airfares Act of 2014 (H.R. 4156) and to express American Airlines' strong support. We believe this will lead to more truly transparent pricing by allowing our customers to understand better all the components of the ticket price, including the cost of taxes and fees that are added to every airfare.

Prior to 2012, airlines had the same right as all other companies in the country to advertise our product by stating the base cost of the airfare before including any government-imposed taxes and fees. However, in January 2012, the Department of Transportation (DOT) imposed a new rule that forces airlines – and only airlines -- to include government-imposed taxes and fees in the base price of an advertised airfare. In effect, the DOT rule, referred to as the “Full-Fare Advertising Rule,” does nothing more than hide the tax burden on the airline industry and its passengers from the travelling public.

The only thing that distinguishes airlines from other businesses is that the tax and fee burdens imposed on our product are staggering. The U.S. aviation industry and its customers are subject to 17 different taxes and fees, which totaled almost \$20 billion in 2013. On a typical \$300 roundtrip ticket, customers pay \$61 in federal taxes or fees, or 21 percent, of the ticket price. In July, that tax burden will increase further when the Transportation Security Administration (TSA) passenger security tax more than doubles from \$2.50 to \$5.60, adding another \$1 billion annually to the cost of air travel. Additionally, President Obama's FY 2015 budget proposal included \$4.2 billion in new and higher aviation taxes and fees, including another increase in the TSA tax. Without this legislation, further increases in taxes and fees will continue to be hidden from consumers and appear to be price increases imposed by the airlines instead.

Hence, we truly appreciate your leadership and those of your colleagues who co-sponsored this bill and thank you for your support. American Airlines stands ready to assist in the swift passage of H.R. 4156.

Sincerely,

A handwritten signature in black ink that reads "Doug Parker". The signature is written in a cursive, flowing style.

Doug Parker
CEO, American Airlines

cc: The Honorable Peter DeFazio
The Honorable Nick Rahall
The Honorable Frank LoBiondo
The Honorable Rick Larsen
The Honorable Tom Graves