



Airlines for America®

We Connect the World

March 28, 2018

Rep. Janet Ancel
Chairwoman, Ways and Means Committee
Vermont House of Representatives

Dear Rep. Ancel:

On behalf of Airlines for America (A4A)¹ – the oldest and largest trade association of domestic passenger and cargo airlines – I am writing to comment on H. 918, which is being considered by the Ways and Means Committee. A4A and our member carriers support the redrafting of the bill to remove the 28 cents-per gallon tax that was proposed in an earlier version of the bill. We believe the provision would have unnecessarily harmed commercial aviation, Burlington International Airport (BVT), and the state's economy.

Local Sales Tax – As you know, South Burlington's 1 percent local option sales tax applies to jet fuel sold at BVT but is not grandfathered under federal law and the FAA's revenue use policy on aviation fuel taxes. Eliminating this tax will bring the state into compliance and A4A supports the provision in the redrafted H. 918 which eliminates this tax.

Revenue Use – While A4A commends the state of Vermont for addressing the revenue use problem, we also urge you to reexamine the state's funding ratio for commercial and general aviation airports. Currently the state provides approximately \$500,000 annually for BVT, but the sales taxes on jet fuel at the airport far exceed that number. In fact, just three passenger carriers – American, JetBlue, and United – paid a combined total of nearly \$570,000 in sales taxes on fuel at BVT in 2017.

While we understand the need to fund aviation throughout the state, the federal government's Airport Improvement Program (AIP) is statutorily designed to do so – in fact sixty percent (60 percent) of AIP funds in fiscal 2017 were obligated to airports with little or no commercial service – even though the program is mostly funded by federal taxes on the airlines and their customers.

Further, commercial aviation is a significant driver of economic growth, and the sales tax revenue the airport generates should be returned to the airport to further its position as an economic engine. According to the FAA, commercial aviation already supports

¹ A4A members include: Alaska Airlines, Inc., American Airlines, Inc., Atlas Air, Inc., Federal Express Corp., Hawaiian Airlines, JetBlue Airways Corp., Southwest Airlines Co., United Continental Holdings, Inc., and UPS Airlines; Air Canada is an associate member.

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more than 9,000 jobs in Vermont and delivers an economic impact of \$1.1 billion to the state. Reinvesting the revenue generated at BVT will only help grow those numbers and benefit Vermont.

A4A greatly appreciates the chance to comment on this important matter. We would be more than happy to speak to or meet with you or the Ways and Means Committee if you would like to discuss this further. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Almeras", with a large, stylized initial "J" on the left side.

Jon Almeras
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Airlines for America
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cc: Members, Ways and Means Committee