

Testimony
On Behalf of the
Aviation Council of Pennsylvania
Pennsylvania Senate Transportation Committees
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By
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Pennsylvania Transportation Funding Needs

Good afternoon Chairman Rafferty, Chairman Stout and distinguished members of the Pennsylvania Senate Transportation Committee. I am Robert Rockmaker, Executive Director for the Aviation Council of Pennsylvania. Thank you for the opportunity to provide this testimony in regards to Pennsylvania's transportation crisis.

Our membership includes airport and heliport operators, aerospace manufacturers, aircraft owners, pilots, charter and service firms, corporate aircraft operators and firms that supply goods and services to the aviation and aerospace industry.

The Aviation Council of Pennsylvania fully supports the need for a well designed and properly funded multi modal transportation system in the Commonwealth of Pennsylvania. Without a comprehensive and well executed transportation system, the Commonwealth along with our citizens will continue to suffer and be non competitive compared to other states with modern transportation models.

A comprehensive transportation system is critical to long term economic growth and stability. Business and industry consistently place high values on access by air, rail, land and water. What good is it to have an airport when the local highway network is greatly over capacity leading to systemic delays. Airports are bridges to the world and our global economy.

When a business is in the market for a new headquarters, regional or local office, access to an airport is one of the key deciding factors. This holds true for both rural and urban settings. Many small business owners rely on their local general aviation airport for getting both people and/or goods into and out of the community.

Airport Capital Infrastructure Requirements

The Pennsylvania Transportation Commission in December 2009 approved \$154, 817,211 in airport projects over the next four years. Unfunded airport projects reach almost \$40 million annually that are not started due to a lack of funding. These projects are not included in the approved project listing by the Pennsylvania Transportation Commission.

Pennsylvania Aviation Development Program (ADP)

The ADP is funded through the collection of state tax on jet fuel and aviation gas. Revenues are deposited into Pennsylvania's Aviation Restricted Account (ARA) in order to preserve, upgrade and build new airport infrastructure. These funds are dedicated to capital and safety related projects at Pennsylvania's public use airports. By law, this money is not used to support airport operating budgets.

These restricted funds are used to pay for up to a maximum of 75 percent of the total eligible project costs and 50 percent of the non-federal share of federally funded projects. As you can see from the chart below, revenues coming into the ARA are down by almost fifty percent since FY 00-01.

Pennsylvania Aviation Restricted Account Revenue History

Fiscal year	Revenue Collected
00-01	\$14,921,254
01-02	12,929,732
02-03	10,315,945
03-04	11,543,268
04-05	11,157,368
05-06	10,574,089
06-07	11,748,520
07-08	9,693,913
08-09	7,944,056
09-10	8,168,221 Estimated

Annual Use of Aviation Restricted Account Funds

Cost to administer the Bureau of Aviation	\$4,100,000
Federal AIP State matching funds	3,400,000
State aviation development program (ADP)	<u>500,000</u>
Total annual State program \$8,000,000	

The Pennsylvania aviation jet fuel tax was enacted in 1984 at .015 cents per gallon. There was a maximum ceiling established at .02 cents. There were no provisions for inflation built into the funding mechanism. Twenty six years is a long time with no increases. Snow plows, crash fire rescue equipment and runway and taxiway construction costs, just to name a few, have all realized annual cost increases that greatly exceed net present revenue values.

Pennsylvania law calls for an annual automatic adjustment via the Producer Price Index (PPI) which takes place in September each year. Pennsylvania's jet fuel tax is currently .016 cents per gallon. The adjustment in 2009 lowered the tax to the present .016 cents.

The downward adjustment in 2009 translated into a twenty percent drop in revenues from the .02 cents per gallon which further accelerated the revenue funding shortfall into the Aviation Restricted Account.

To adequately fund Pennsylvania's airport capital infrastructure requirements going forward, the jet fuel tax needs to be increased by a minimum of .06 to .10 cents per gallon.

It appears that revenues into the Aviation Restricted Account may be further reduced starting in January, 2011. This is due to the automatic adjustment in the Producer Price Index (PPI) that takes place in September each year. This further reduction is created by deflation tied to the cost of oil combined with more fuel efficient aircraft.

Pennsylvania Aviation Fast Facts

PA has 128 public use airports

PA has 6 public use heliports

PA has 14 airports with commercial airline service

PA has 16,405 pilots

PA has 7,879 general aviation based aircraft

Employment at PA airports is 288,765 people which is 5% of the workforce

Total payroll at PA's airports is over \$5 Billion annually

Airports contribute over \$12 Billion annually to the PA economy

The Aviation Council of Pennsylvania supports a full and comprehensive infrastructure funding plan for aviation and all transportation modes. Thank you for the opportunity to testify in support of this critical issue facing aviation and the transportation industry in the Commonwealth of Pennsylvania.