

TO: AIRPORT COMMISSION

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SUBJECT: LEGISLATIVE UPDATE

DATE: February 2, 2018

Raising the Passenger Facility Charge Cap

- **Background:** With recent proposals for \$1.5 billion in infrastructure investments, the airport industry has launched a major effort to eliminate the \$4.50 cap on Passenger Facility Charges (PFCs). The PFC is a locally-raised user fee (not a tax) paid by passengers who use airports to help fund the cost of capital construction projects. Since the \$4.50 fee was last raised in 2000, the PFC has lost nearly half of its buying power because of rising costs over the past 17 years and now has purchasing power of \$2.50. This severely impacts the ability of airports to fund capital projects or pay down debts for past projects. For example, revenue collected from SJC's PFC is currently fully committed for over the next 20 years to paying off SJC's Terminal B construction bonds. Given this, lifting or removing the cap on the PFC has been the Airport's highest legislative priority.
- **Status:** The Senate Appropriations Committee approved a FY 2018 DOT/FAA spending bill that increases the PFC cap to \$8.50 for originating passengers, but was not part of the House DOT/FAA spending bill. Currently, the airlines are aggressively placing anti-PFC stories and opinion pieces in media outlets throughout the country.

FY2018/2019 Funding

Congress has another deadline of February 8, 2018 to act on federal funding or risks another shutdown of federal nonessential operations. Party line divisions over the proposed border wall, immigration, defense vs. non-defense spending, and general mistrust between the parties, continue to complicate possible deals. Another stopgap measure would be needed as Congress continues to put together a longer-term funding bill.

Infrastructure Package

- The infrastructure package proposed by the president includes spending \$200 billion in federal money over the next decade to encourage an additional \$1.3 trillion in spending from cities, states, and private companies. The White House stated the details of how to accomplish this would be left up to Congress. Given the current situation in Congress, the plan faces significant hurdles.

- Airport Infrastructure Needs - ACI-NA released a report that U.S. airports have nearly \$100 billion in infrastructure needs to accommodate growth in passenger and cargo activity, rehabilitate existing facilities, and support aircraft innovation. To download:
 - <http://aci-na.org/sites/default/files/2017infrastructureneedsstudy-web.pdf>

Border Security

Bills have been introduced in the House and Senate to increase the number of Customs and Border Protection (CBP) officers at ports-of-entry across the system.

Senate Bill

Senators Claire McCaskill (D-MO), Jon Tester (D-MT), Heidi Heitkamp (D-ND), and Kamala Harris (D-CA) introduced a bill to boost CBP officers by 500 annually until the agency reaches the staffing level called for in its Workforce Staffing Model. It also proposes to adjust the Workforce Staffing Model to account for the current activities at each port as well as the seasonal surges and travel forecasts. Further, it calls for CBP to submit a report to Congress on its infrastructure and equipment needs for dealing with illegal drug detection.

House Bill

On January 10, Republican leaders of the House Homeland Security and Judiciary committees introduced H.R. 4760, the [Securing America's Future Act](#), which aims to bolster enforcement of existing immigration law, make reforms to legal immigration programs, secure the border, and provide a permanent solution for the current beneficiaries of the Deferred Action for Childhood Arrivals (DACA) program. The bill includes provisions to add an additional 5000 new CBP officers and fully implement a biometric entry-exit system, items previously included in the H.R. 3548, the [Border Security for America Act](#) that the House Homeland Security Committee approved last October.

REAL IDs

California started issuing REAL ID compliant driver licenses and ID cards on January 22, 2018. Under current plans, in order to a Real ID compliant driver's license or ID card Californians will need to physically go to a DMV office with the required documents and request the new REAL documents. Driver licenses or ID cards renewed by mail will not be Real ID compliant and will not be accept for travel in 2020. You can track the states of REAL ID compliance on the DHS website [here](#).

Until October 2020, all California driver's licenses or ID cards can be used to board domestic flights. After this date, all passengers must have a Real ID compliant document, passport, or other federally permitted form of identification in order to go through TSA security. The California Airports Council is in conversations with the DMV about setting up temporary DMV processing centers at Airports to facilitate the processing of REAL IDs.