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Date: February 9, 2016
To: Senator Peter Micciche, Alaska
From: Dana Debel, Director of State and Local Government Affairs
RE: Delta Air Lines Opposition to Alaska Senate Bill 132

On behalf of the Delta Air Lines employees and their families in Alaska, we ask that you oppose SB 132, which would result in a 312.5% increase in the tax rate on jet fuel. In addition, this would put Alaska among the states with the highest taxes on jet fuel. The proposed increase in HB 132 could have a significant impact on Alaska's competitive position for air service. Delta currently operates 38 flights per day to and from 5 destinations in Alaska. We are proud that over the past few years we have been able to enhance service through larger aircraft and more flights including new announced service between Portland and Anchorage, and Seattle and Fairbanks in 2016.

Supporting airport infrastructure where we operate has always been a Delta priority. Through landing fees, rental rates, Passenger Facility Charges and other charges, Delta pays millions annually to operate, maintain and invest in the airport facilities in Alaska. We maintain that additional funding is not needed at this time for those airports, but if it is, the appropriate way to go about doing so is through the lease negotiation process directly between the individual airports and the carriers that serve them..

We understand there has also been discussion of using the revenues from this tax to fund the general revenues of the State. The Federal Aviation Administration (FAA) has been clear that any new or increased taxes since 1987 on aviation fuel needs to be used either on the airport from which it is raised or for a state aviation program. Non-compliance with this provision puts ALL of the federal dollars used to support aviation at risk, as well as opening the State to penalties from the FAA.

Delta understands the critical need to invest in infrastructure where we operate, and we believe we do that through the current taxes and fees we pay in Alaska. We respectfully ask the Alaska legislature to reject HB 132 so that Alaska doesn't end up with the dubious distinction of having one of the highest effective jet fuel tax rates in the country.