



Memo

Date: February 8, 2016

To: Senator Peter Micciche
Alaska Senate Transportation Committee Members

From: Nick D'Andrea, Director, UPS Airlines Public Affairs

Subject: Fuel Tax Bill (SB 132)

Thank you for the opportunity to provide testimony on the proposed Fuel Tax Bill (SB 132) and the impact it could have on UPS. I am writing this letter today to notify you that UPS *opposes* passage of the Fuel Tax Bill (SB 132), as it would significantly impact our operations in Alaska.

UPS appreciates the long-standing working relationship with the State of Alaska. This relationship has led us to grow to more than 1,110 employees in Alaska, including 489 of our pilots who are domiciled there. Traditionally, Alaska has played an important role in UPS's global reach; not only do we deliver to thousands of customers there daily, but Anchorage serves as our gateway to the Asia-Pacific region. We have also invested in Alaska, making Anchorage a major training hub for our pilots. In 2008, we invested millions to build a flight training center where our pilots are trained on the Boeing 747 and MD-11 fleets.

Millions of customers depend on the cargo coming in and out of the Asia-Pacific Region – products ranging from life-saving medical devices to electronics vital to global businesses. Up to 18 UPS flights go through Anchorage each day, helping make Ted Stevens International Airport the 2nd busiest cargo airport in North America and one of the busiest in the world.

UPS located in Alaska because of the business-friendly climate created by elected leadership. UPS has a tax burden in the state, paying close to \$6 million in taxes. UPS also pays approximately \$7.2 million in landing fees annually to cover costs at airports, as well as paying taxes on aviation fuel purchases of \$130 million. Tripling the aviation fuel tax to \$0.10 would move Alaska from number 35 to number 19 on the list of most burdensome aviation-related tax states. Tax rates are a very important factor when UPS and other companies look to expand or relocate to a state.

While we remain grateful to the State of Alaska and for the role it plays in our global network, UPS firmly opposes the current proposal to triple the jet fuel tax contained in SB 132.

Thank you for your time.

Nick D'Andrea, UPS Public Affairs