

February 1, 2017

Governor Bill Walker
PO Box 110001
Juneau, AK 99811

Dear Governor Walker:

On behalf of Delta Airlines and UPS, we are writing this letter to respectfully oppose the increase to the jet fuel tax that you have proposed as part of the motor fuel tax increase bill.

Our airlines pay millions of dollars annually in user fees in the form of landing fees that go directly to the airports where we operate in the state of Alaska. These landing fees help maintain those airports and provide improvements in the infrastructure that allows airlines to transport Alaskans in and out of the state, while also assisting with the tourism industry and the flow of cargo in and out of the Alaskan economy.

Currently, airlines pay a jet fuel tax, the proceeds of which fund airports throughout, other than the ones where the majority of the revenue is generated, Anchorage and Fairbanks. These other airports do not charge sufficient landing fees, or in some cases do not charge landing fees at all, to cover their capital or operational needs. The proposed 300 percent increase in the jet fuel tax would exacerbate the subsidization, at little benefit to the airports that are generating the revenue. The result is a tax that simply drives up the cost of operation for the airlines, compounding the challenges of providing service in what is already a tough competitive environment.

While we understand the difficult fiscal situation in Alaska, and we appreciate the energy and time you are putting in to resolve the issues, we believe a jet fuel tax increase the magnitude of the one you are proposing would be detrimental to the airlines serving the area as well as the passengers and cargo customers who depend on that service.

Thank you for your willingness to be open and accessible to the airline industry.



Dana Debel
Managing Director, State and Local Government Affairs



Nick D'Andrea
Vice President, UPS Public Affairs