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February 10, 2015

HAND DELIVERED

Senator Ben Kieckhefer
Chair, Senate Finance Committee
Nevada State Senate
Room 2155
401 S. Carson Street
Carson City, Nevada 89701

Re: State Treasurer Alternative Budget

Dear Senator Kieckhefer:

I have reviewed the February 3 release by State Treasurer Dan Schwartz proposing an alternative to the Governor's budget. I write to inform you that the proposed \$5.00 "per passenger facilities fee" at McCarran International and Reno/Tahoe International Airports would be unlawful under the federal Anti-Head Tax Act, codified at 49 USC § 40116(b).

By way of background, Airlines for America is the principal trade association of the U.S. airline industry. Our members and their affiliates carry more than 90% of U.S. passenger and cargo traffic annually. Passenger members include Alaska Airlines, American Airlines, Delta Air Lines, Hawaiian Airlines, JetBlue Airways, Southwest Airlines, United Airlines and US Airways; Air Canada is an associate member.

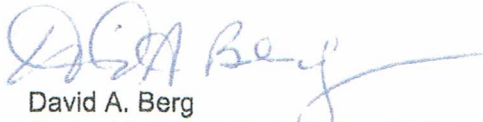
The Anti-Head Tax Act provides that a State, political subdivision of a State or an entity that owns or leases an airport, "may not levy or collect a tax, fee, head charge, or other charge on – (1) an individual traveling in air commerce; [or] the transportation of an individual traveling in air commerce..." Congress adopted this prohibition on state/local air transportation fees and taxes to protect air transportation, which is inherently interstate, from being overwhelmed by local impositions such as the one proposed by Mr. Schwartz.

An express exception to the Anti-Head Tax Act is found in 49 USC § 40117, which establishes the federal Passenger Facility Charge (PFC) program under authority granted to the U.S. Secretary of Transportation. Under that program, locally-imposed PFCs are permitted, but they are capped and subject to FAA approval. McCarran and Reno/Tahoe both participate in that program. Passenger facility charges outside of the FAA program, however, remain prohibited.

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Please feel free to contact me if you have any questions. We would be happy to meet with you or your staff if that would be helpful.

Sincerely,

A handwritten signature in blue ink that reads "David A. Berg". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David A. Berg
Senior Vice President & General Counsel

cc: Mr. Randy Fiertz, Director - Airport Compliance and Field Operations, FAA