



## ALASKA AIR CARRIERS ASSOCIATION

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April 16, 2015

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RE: Proposed Deadhorse Landing Fees

Dear Mr. Sewell:

The Alaska Air Carriers Association (AACAA) is a member organization whose mission is to support and advocate for the Alaskan commercial aviation community. Our membership community includes commercial Part 91, Part 135 single and multi-pilot, Part 125, and Part 121 operators.

Alaska's current economic situation has created financial uncertainty for the State of Alaska and those that rely on state services. AACAA recognizes the current fiscal dilemma. We understand the need for the State of Alaska Department of Transportation (DOT) to consider new sources of revenue to support the Deadhorse Airport and rural airport system.

However, the AACAA has inquired with our members and to our knowledge most remain satisfied with the existing level of service provided by the airport except for those already compensating the ADOT. What new services are expected to be provided and at whose request?

Alaska carriers who provide routine passenger and freight services to the Deadhorse Airport have expressed concern over the proposed Deadhorse landing fee. Concerns include:

- The landing fee at Deadhorse Airport may economically impact rural residents and businesses that rely on the passenger or freight service provided through the Deadhorse Airport. Alaska carriers work to provide rural Alaska with the lowest fares and freight costs possible. With Deadhorse a by-pass hub, increasing airport use costs could raise the cost of living to rural residents.

### Executive Director

Jane Dale  
ALASKA AIR  
CARRIERS  
ASSOCIATION

- Landing fees at Deadhorse Airport could set a precedent for rural Alaskan airports which may impact the by-pass mail system and increase costs for state and federal agencies, operators, and residents.
- The proposed landing fee does not appear to be based on the financial needs of the airport or to support new services other than to extend the Deadhorse Airport hours of operation. Current airport revenues exceed operation costs by over \$200,000 per year.
- When the cost to extend the operating hours of the Deadhorse Airport is compared with current airport revenues plus the expected estimated annual lease rate escalations, the potential revenue from proposed landing fees appears to exceed operation costs.
- Funds collected from Alaska carriers landing at the Deadhorse Airport will be deposited in Alaska's general operating fund and potentially used for other services rather than those provided or could be provided at the Deadhorse Airport.
- The proposed landing fee may not be commensurate with the level of service provided to an Alaska carrier that may use the Deadhorse Airport.
- A fuel tax currently exists at a rate of \$0.08 for Jet Fuel and \$0.47 for aviation 100 Low Lead fuel. The administrative oversight currently exists to oversee these funds. Expanding landing fees on top of the existing fuel tax appears to duplicate taxes on already, financially challenged rural operators and increases the administrative burden for the State of Alaska.

The AACCA understands the change in Alaska's economic climate however, landing fees proposed at Deadhorse could be an economic burden for Alaska carriers or those that use carrier services. AACCA supports and encourages the DOT reach out to their Aviation Advisory Board for both counsel and recommendations for potential sources of revenue to accomplish DOT's goals including a reexamination of the fuel tax system.

Best regards,



Matt Atkinson, President  
Alaska Air Carriers Association



Jane Dale, Executive Director  
Alaska Air Carriers Association