



Financing Airport Infrastructure in the U.S.

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Presented by: Catherine Lang
Acting Associate Administrator for Airports
U.S. Federal Aviation Administration



U.S. Regulatory Framework

- **Public Ownership Model –**
Cities, states, counties, independent quasi-governmental authorities owned/operated airports
- **Economic Regulation Model –**
 - Airports are regulated on rates and charges
 - Fair and Reasonable
 - No unjust discrimination
 - Airports must be self-sustaining (cannot take “profit” off airport – all net revenues must be spent on airport)
 - In exchange, Airports receive Federal grants and ability to issue tax-exempt debt

U.S. Regulatory Framework

- **Has built a robust National Airport System**
 - Nearly 20,000 landing areas
 - Over 3,400 airports of national interest
 - 522 airports with airline service enplaning over 760 million passengers
- **U.S. Model provides for substantial investment and is stable under difficult economic conditions**

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Financing of U.S. Airports is diverse and stable

- Tax-free bonds supported by airline rates and charges
- Passenger facility charges (Federally regulated)
- Federal Airport Grants (Airport Improvement Program)
- Special facility bonds, private capital

Additional discipline from capital markets aids stability

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Strength in this diversity

- Not all sources are tied to passenger levels
- Not all sources are tied to airline health
- Investment in non-aeronautical revenue development adds to airport revenue sources
- Local interests are preserved
- Federal interests are provided for by regulation and funding for national interest areas

U.S. Regulatory Framework

Some weaknesses

- Federal rates and charges policy changes take substantial effort
- Uncertainty about Federal role in airport capacity issues
- Principal strategy in addressing capacity limitations - fund capacity expansions
- Has not innovated with market-based mechanisms

U.S. Regulatory Framework

Some weaknesses (continued)

- Local interests are not always aligned with other (often Federal) priorities
- Privatization faces institutional barriers in U.S.
- Branson Airport in Missouri is the only privately built and operated commercial airport in U.S.
- Branson has no public funding and is exempt from U.S. regulatory restrictions