

STATEMENT OF RONALD W. PULLING, ACTING ASSOCIATE ADMINISTRATOR FOR AVIATION  
POLICY AND PLANS, DEPARTMENT OF TRANSPORTATION, FEDERAL AVIATION  
ADMINISTRATION, BEFORE THE HOUSE COMMERCE COMMITTEE REGARDING ADAP  
ON 18 MAY 1972

Mr. Chairman and Members of the Committee:

I am Ronald W. Pulling, Acting Associate Administrator for Aviation Policy and Plans. Associated with me today are Mr. James T. Murphy, Director, Office of Air Transportation Security, and Mr. Clyde W. Pace, Deputy Director, Airports Service, Federal Aviation Administration, Department of Transportation.

I appreciate the opportunity to appear before this Committee to discuss three proposals (H. R. 10326, H. R. 2337, and H. R. 14847) which involve or relate to the Airport and Airway Development Act of 1970.

The important and far reaching policy issues that these bills raise concerning our airport development program and our overall security program at the nation's airports are of extreme importance to us all.

The first issue I would like to address is that of security as it relates to the movement of people and goods by air, and more particularly to hijackings and bomb threats. These problems, especially the recent hijackings have raised the issue as to the proper role the Federal Government should play in insuring the security of our nation's air transportation system.

As in the past, we still view this subject as an area of shared responsibility between all parties, that is the Federal Government, the airlines, the airport operators and the state and local communities. An airport and its associated law enforcement problems involve expenses

which must be borne by the local community where the airport is located and to which it gives financial benefit. Much like for a shopping center or a residential community, the local authorities and or, the airport operator, must provide the police for law enforcement and security needs within the airport's boundaries. The airlines must also bear a share of the total cost of airport security. Under our security regulations they are responsible for the screening of passengers and cargo transported on their aircraft. Airport operators are also required by Federal Aviation Regulations to play an important role in the overall airport security system of the nation.

The Federal Government has been willing to share the expense associated with many of these items, but never have we been willing, nor are we now willing to pay 100% of these costs. The Airport and Airway Development Act of 1970, as it is now constituted, allows for Federal participation at a 50% funding level for certain items required for airport security. Items such as security fencing and lighting at airports could be included in a grant agreement at that funding ratio under the present program.

Section 17 of the Airport and Airway Development Act allows increased Federal participation for certain items associated with the landing systems at airports. These items are funded at a higher Federal level because they are critical to aviation safety. In this view, the critical nature of airport security, requires that it be viewed on an equal footing with airport safety. Accordingly, we recommend that those items required under our new airport security regulations, such as fencing and lighting, be made eligible for a grant under the Airport and Airway Development Act at the 82-18% ratio.

(3)

In addition, in view of the President's September 1970 and March 1972 orders to the Department of Transportation concerning the necessity of stopping hijackings and bomb hoaxes, we request that any such funding of security items be retroactive to the effective date of our airport security regulations. This is essential to insure that those who moved quickly to comply with the President's Directives are not penalized for having done so.

For these reasons, we feel that we could not support §2(a)(2) of H. R. 14847, but feel a modification of such a bill would be most propitious at this time.

The second matter that I will address is that of increasing federal participation in the Airport Development Aid Program. H. R. 14847 requires, in part, an increase in the Federal share of participation from 50 to 75% for the whole Airport Development Aid Program. We cannot support such a change at this time. Our present program, basically funded at 50% Federal ratio, is functioning at a rate such that we estimate that we will have nearly \$200 million in requests for Federal-aid to be carried over into FY 1973. In FY 1971 we were able to obligate the full \$170 million available under our Program and anticipate obligating \$280 million for FY 1972. Thus an increase in the percentage ratio at this time would not necessarily increase our ability to obligate funds for airport development projects under the current grant program.

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There can be no question however that we have noted some difficulty on the part of many sponsors in raising their matching share. A different Federal/State funding ratio would not necessarily alleviate this difficulty. Until the program has matured and we have fully evaluated the effects of a change in the percentage ratio we can not support this measure.

The next issue I will address involves the taxation of passengers in interstate air transportation. H.R. 14847 and H.R. 2337 raise very involved issues on which we have not yet been able to take a definitive position. The Supreme Court case which addressed itself to this very issue is still only a matter of weeks old and we have no positive indication at this time as to what the reaction of the several states and local communities will be. Their reaction will determine the impact that the decision will have on the total transportation system.

However, from a transportation view point we have no objection to the basic idea of state or local taxation of passengers involved in interstate air transportation, as long as such taxation falls within certain boundaries.

It is our feeling that airports should be operated on a self-sustaining basis. In fact, as a condition precedent to grant agreements under ADAP we require airport owners or operators to maintain a fee or rental structure that will allow the airport to be operated on as self-sustaining a basis as is possible. Thus, local taxation of those who

use the airport is not inherently undesirable in our view as long as the taxation is reasonable, non-discriminatory, and the revenues are directed to be used for airport purposes. Despite this rationale, time is needed to see how the states and/or local communities react to this landmark decision. If the local airport taxes that result from this decision are discriminatory, unreasonable, and a burden on the traveler, the need for appropriate Federal action will become apparent. Potential problems could arise as a result of the varying tax structures in effect at our Nation's airports. For example, the Tax levied at point A could be consistent with the Supreme Court's decision and yet be three times the tax levied at Point B. The problem could possibly be compounded for a passenger who passes through a third airport, like Chicago O'Hare or Atlanta, on his way to his final destination. In these situations, the fare for the same trip may vary depending upon the point of embarkation and whether it is a non-stop flight or one scheduled for several intermediate stops in route to its final destination. However, we feel that any action, on these bills should be deferred until such time that the impact of the resultant tax structure is fully assessed.

The last bill I will address, H.R. 10326, would allow the Federal government to fund 82% of the costs incurred since the passage of ADAP under our airport certification program. We support this bill. Airport certification for many communities serviced by air carriers is a costly matter. In some cases, the purchase of equipment such as fire trucks and ambulances places an immediate additional burden on the community

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involved. The increase in Federal participation will provide much needed relief at lower activity airports which have more difficulty in raising their matching funds.

Mr. Chairman, that concludes my prepared remarks and I would now be willing to answer any questions the Committee may have.