



Aviation Advisory Board

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Aviation Board Makes Recommendations on Additional Revenue for Rural Airports

Anchorage, AK. In their August 25th meeting in Ketchikan, the Governor's Aviation Advisory Board culminated a series of meetings with the Department of Transportation and Public Facilities (DOT&PF) exploring new revenue options to support the Rural Alaska Airport System. In response to the fiscal situation facing the state, DOT&PF is looking for ways to offset some of the costs of operating 247 airports across Alaska.

A proposal to fund expanded operations to support oil and gas activity at Deadhorse earlier this year, using landing fees, set the board in motion. "Rural airports are a vital part of Alaska's transportation system, which we support," said Lee Ryan, Chair of the board and Vice President of Ryan Air. "We question, though, whether landing fees are the best way to address this problem."

The Board worked with DOT&PF over the past several months and reviewed three potential revenue options: landing fees, an airport user fee and an increased tax on aviation fuels. At the August 25th meeting the board unanimously adopted a resolution supporting increasing jet fuel tax from 3.2 cents to 10 cents a gallon and aviation gas tax from 4.7 cent to 10 cents per gallon. In a letter to the Governor, the board expressed that "landing fees may disproportionately impact the residents of rural Alaska," and that additional administrative costs may be required to implement either landing fees or an airport user fee.

The formal recommendation supporting a fuel tax increase also contained language to roll the tax back to current levels if the price of oil rose significantly, and specified that the additional revenue be used to support the aviation system.

The Board also supported DOT&PF's efforts to restructure the regional hub airports into a single division. "We think this will help streamline the management decisions for these airports and help reduce costs," according to Chairman Ryan.

The Rural Alaska Airports System is comprised of 247 airports, operated by DOT&PF. These range from rural hub airports with jet service such as Bethel, Nome, Kotzebue to small airports including communities such as Fort Yukon, Unalakleet, and Hooper Bay. Not included in the system are Anchorage and Fairbanks International Airports, which operate under a separate enterprise fund.