

State shelves new fees for rural airports

Hearings ongoing

by Jeffrey R. Richardson

for the *Tundra Times*

A proposal to use landing fees and other user charges to maintain existing levels of maintenance at rural airports had been put on hold.

According to Mark Hickey, commissioner of transportation and public facilities, as the state's budget picture improves with rising oil prices resulting from the Middle East crisis, the anticipated maintenance deficit of \$2.2 million appears less likely. Hickey told the *Tundra Times* that following a request by the Legislative Budget and Audit Committee to delay implementing the plan, his department was reviewing the feasibility of seeking a supplemental appropriation in January.

"We have a very different environment. Now we have revenue that we thought wasn't going to be there. They would like to see any action to collect these fees postponed until next session. I think it's reasonable," Hickey said.

The plan drafted by the department calls for a landing fee of about 70 cents per 1000 pounds for certain aircraft (typically those seating more than 30 passengers) utilizing one of 27 rural airports. Airport land and building rents would also be instituted or raised.

The plan was drafted after discussion of other options which included cutting maintenance levels, which might have forced partial closure of vital regional airports.

Although agreeing to the postponement of fees, Hickey expressed concern that a contingency plan was still necessary in case the Legislature failed to act or the price of oil dropped again.

"We (still) have to live within the

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budget we were given. We have to have a plan in effect to collect sufficient revenues so by next June, we haven't busted the budget," Hickey said.

In a Sept. 17 letter to interested parties, Hickey elaborated:

"An important consideration is how to balance providing adequate time to consider these issues next session, versus insuring the new fees can generate sufficient income once implemented if supplemental funding isn't approved.

"If this balance is not found, the department may face a need to institute severe service reductions next spring."

He also warned that beyond the immediate budget dilemma, there is a need for long-term planning that anticipates budget irregularities and shares the burden of airport maintenance fairly among users.

Hickey noted that while rising oil prices have improved the state's revenue picture, the corresponding hike in fuel prices has been a blow to airlines and air taxi operators.

He said commercial operators have long resisted the idea of paying user fees for the rural airports. According to Hickey, there is a growing willingness to explore options for sharing the burden of maintenance costs, but concerns remain about equity between large and small carriers.

Because of political and budgetary uncertainties, Hickey said hearings on the land fee proposal will continue into the first week in October.

While hearings in Fairbanks, Barrow, Nome, Anchorage, Bethel, Dillingham and Juneau may produce some information about how the landing fee plan might affect the cost of living and doing business in rural Alaska, Hickey acknowledged little was known about economic impacts at this time.

"It's a hard question to answer definitively. We need to get a better

handle on the impacts," Hickey said.

Acknowledging there was no specific plan or methodology for such an analysis, Hickey promised the matter would be pursued.

"Yes, we believe we need to do more than we've done; we need to do more of that work," he said.

At Alaska Airlines, spokesman Bill McKay said carriers are uncertain what the outcome of the landing fee discussion will be when the Legislature reconvenes. He said it is too soon to gauge specific economic impact, but said if the plan as drafted went forward, some difficulties could be anticipated.

"I think you'd have to assume there would be an impact, either in service levels or the price of travel or shipping goods," McKay said.