United States Government Accountability Office

Report to Congressional Committees

September 2020

AIRPORT FUNDING

Information on Grandfathered Revenue Diversion and Potential Implications of Repeal

GAO-20-684

GAO Highlights

Highlights of GAO-20-684, a report to congressional committees

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Information on Grandfathered Revenue Diversion and Potential Implications of Repeal

Why GAO Did This Study

In 1982, a federal law was enacted that imposed constraints on the use of airport revenue (e.g., concessions, parking fees, and airlines' landing fees), prohibiting "diversion" for non-airport purposes in order to ensure use on airport investment and improvement. However, the law exempted "grandfathered" airport sponsors—those with state or local laws providing for such diversion—from this prohibition. Viewpoints vary on whether these airport sponsors should be allowed to continue to lawfully divert revenue.

The FAA Reauthorization Act of 2018 provides for GAO to examine grandfathered airport revenue diversion. This report examines: (1) how much revenue has been diverted annually by grandfathered airport sponsors and how these revenues have been used, and (2) selected stakeholders' perspectives on potential implications of repealing the law allowing revenue diversion.

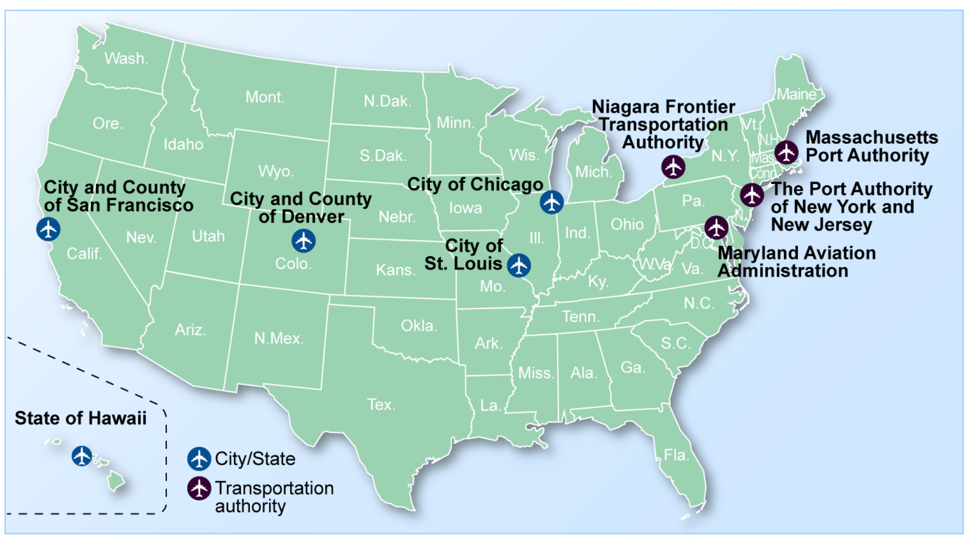
GAO analyzed FAA financial data on grandfathered airports' revenue diversion for fiscal years 1995 through 2018, all years such data were available. GAO also analyzed relevant documents such as state and local laws, and airport sponsors' bond documents. GAO interviewed FAA officials and relevant stakeholders, including officials from nine grandfathered airport sponsors and representatives from bond-rating agencies, airline and airport associations, and airlines that serve grandfathered airports that were selected based on those with the greatest passenger traffic.

View GAO-20-684. For more information, contact Heather Krause at (202) 512-2834 or krauseh@gao.gov.

What GAO Found

According to the Federal Aviation Administration's (FAA) data for fiscal years 1995 through 2018, nine airport owners—also known as "airport sponsors"—lawfully diverted airport revenue amounts ranging from $0 to over $840 million by a sponsor in 1 year. These "grandfathered" airport sponsors are currently exempt from federal requirements to use all airport revenue solely for airport purposes (see figure). Together, these sponsors own 32 airports serving millions of passengers a year. Five of these sponsors are city or state governments, which regularly diverted airport revenue into their general funds for government programs and services. Four of these sponsors are transportation authorities, which diverted varying amounts for various transportation-related purposes, such as supporting maritime ports or transit systems. Three of the transportation authorities also secured bonds using revenue from their various activities, including airport revenue, to finance airport and non-airport assets.

Airport Sponsors That Have Reported Grandfathered Revenue Diversion, as of 2018



Source: Federal Aviation Administration (FAA) and Map Resources. | GAO-20-684

According to selected stakeholders, a repeal of grandfathered revenue diversion would have complex legal and financial implications for transportation authorities. Transportation authority officials said that a repeal would inherently reduce their flexibility to use revenues across their assets and could lead to a default of their outstanding bonds if airport revenues could no longer be used to service debt; exempting outstanding bonds could alleviate some financial concerns. For city and state government sponsors, a loss in general fund revenue could result in reduced government services, though they said a phased-in repeal could help in planning for lost revenue.

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Abbreviations

AIP	Airport Improvement Program
COVID-19	Coronavirus Disease 2019
DOT	U.S. Department of Transportation
DOT OIG	U.S. Department of Transportation, Office of Inspector General
FAA	Federal Aviation Administration
MAA	Maryland Aviation Administration
Massport	Massachusetts Port Authority
NFTA	Niagara Frontier Transportation Authority
PANYNJ	Port Authority of New York and New Jersey

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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September 8, 2020

The Honorable Roger Wicker
Chairman
The Honorable Maria Cantwell
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate

The Honorable Peter A. DeFazio
Chairman
The Honorable Sam Graves
Ranking Member
Committee on Transportation and Infrastructure
House of Representatives

U.S. airports are important contributors to our economy, supporting scheduled commercial air service for the traveling public. While airports are currently facing unprecedented challenges related to a drop in air travel due to the Coronavirus Disease 2019 (COVID-19), maintaining and improving infrastructure at U.S. airports remains critical to help ensure safety and security, and to support the nation's economic health. In the United States, nearly all of the 3,330 airports designated as part of the national airport system are publicly owned by local and state governments, regional airport authorities, or port authorities. As we have previously reported, these airports rely on a variety of revenue sources to fund infrastructure projects, including federal grants, passenger charges, and airport-generated revenue (e.g., concessions, parking fees, airlines' landing fees).[1] For example, national system airports are eligible to receive federal Airport Improvement Program (AIP) grants to help fund certain airport infrastructure investments.

In 1982, the Tax Equity and Financial Responsibility Act was enacted into law, which imposed constraints on the use of airport revenue, prohibiting

[1]See GAO, *Airport Infrastructure: Information on Funding and Financing for Planned Projects*, GAO-20-298 (Washington, D.C.: Feb. 13, 2020).

the "diversion" of airport revenue for non-airport purposes.[2] The purpose of this prohibition was to ensure that airport owners—also known as airport "sponsors"—use federal airport grants and other airport revenue exclusively for airport-related costs, including operations and capital investment. However, the Act also provided an exemption from this prohibition, known as the "grandfathering" provision, for airport sponsors that were diverting certain airport revenue under local laws or bond covenants as of 1982. Consequently, those grandfathered airport sponsors may lawfully use airport revenue for non-airport purposes.[3] The Federal Aviation Administration (FAA) within the U.S. Department of Transportation is responsible both for collecting certain information about grandfathered revenue diversion and for enforcing the prohibition against unlawful airport revenue diversion.

There are varying viewpoints in the aviation industry on whether grandfathered airport sponsors should be allowed to continue diverting revenue lawfully. Airlines contend that repeal of the grandfather exemption could help ensure that airport revenue is used on airport infrastructure and could reduce the need for other funding sources. Airport associations contend that while general restrictions on the use of airport revenue are appropriate, the decision to exempt certain grandfathered airport sponsors remains appropriate in order to allow these airport sponsors to support both their legal and financial obligations, which can be significant. It remains unknown the full extent to which declines in airport revenues associated with the COVID-19 pandemic may affect these grandfathered airports. Some airport sponsors stated that declines in airport revenue may result in corresponding reductions in diversion amounts.

[2]49 U.S.C. § 47107(b) and § 47133. Specifically, in 1982 federal law required that airport sponsors receiving federal AIP grants provide assurances that airport revenue would be used only for the capital or operating costs of the airport, the local airport system, or certain other airport-related facilities. See Pub. L. 97-248, title V, § 511(a)(12), Sept. 3, 1982, 96 Stat. 671. Congress later extended the same revenue-use requirements to any airport that has received federal assistance since October 1, 1996. See Pub. L. No. 104-264, § 704, title VIII, 110 Stat. 3213 (Oct. 9, 1996).

[3]In 1987, grandfathered revenue status was expanded to also include state and local taxes on aviation fuel that were in place as of that year. Congress extended revenue-use requirements to local and state aviation-fuel taxes enacted after December 30, 1987, and simultaneously expanded the grandfather provision to allow the diversion of revenue from aviation fuel taxes in place under local and state laws prior to that date. See Pub. L. No. 100-223, 101 Stat. 1486 (Dec. 30, 1987).

The FAA Reauthorization Act of 2018 included a provision for us to examine grandfathered airport revenue diversion.[4] This report discusses:

- how much revenue has been diverted annually by grandfathered airport sponsors and how these revenues have been used, and
- selected stakeholders' views on the potential implications of repealing the law allowing revenue diversion.

To examine how much revenue has been diverted annually by grandfathered airport sponsors, we obtained and analyzed FAA financial data on grandfathered airports' revenue diversion for fiscal years 1995 through 2018, all of the years for which such data are available.[5] We assessed the reliability of FAA's grandfathered diversion data by consulting with FAA officials who are knowledgeable about the data and by confirming with officials from each of the nine grandfathered airport sponsors that submit data that the data are consistent with what their agencies had reported to FAA. We made corrections to the data, as appropriate, based on updated data from the airport sponsors. We determined that the data were sufficiently reliable for the purposes of our reporting objectives. To examine how diverted revenues have been used, we interviewed these nine grandfathered airport sponsors and obtained and analyzed documents such as relevant state and local laws and airport sponsors' bond documents.

To describe stakeholder views on the potential implications of repealing the law allowing grandfathered revenue diversion, we interviewed

[4]Pub. L. No. 115-254, §143, 132 Stat. 3186, 3212.

[5]FAA currently collects data on grandfathered revenue diversion from nine airport sponsors, which have been included in this study: City of Chicago, City and County of Denver, City of St. Louis, City and County of San Francisco, State of Hawaii, Maryland Aviation Administration, Massachusetts Port Authority, Niagara Frontier Transportation Authority, and The Port Authority of New York and New Jersey. In July 2018, FAA determined that one more airport sponsor—the City of El Paso—is also grandfathered with respect to the use of water revenues derived from the sale of water taken from the El Paso International Airport. The city's grandfathering claim is based on a 1952 water system financing ordinance dictating the use of proceeds for water pumped from wells located on the airport; the ordinance predated September 2, 1982. FAA officials stated that they have yet to determine reporting requirements for the City of El Paso; therefore, no revenue diversion data are available. Accordingly, we have not included the City of El Paso in this study. In addition, FAA officials stated that other airport sponsors may seek to demonstrate that certain state or local taxes qualify them for grandfathered status, which we will discuss in more detail later in this report.

relevant stakeholders, including nine grandfathered airport sponsors, and asked them to identify any potential implications, including any legal or financial implications. We also interviewed representatives from three bond-rating agencies, two airport industry associations, two airline industry associations, and seven U.S. airlines about their views on the potential implications of a repeal.[6] We also obtained their views on broader issues relating to revenue diversion issues and airport finance and infrastructure. More detailed information on our scope and methodology is presented in appendix I.

We conducted this performance audit from June 2019 to September 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Federal law allows certain grandfathered airport sponsors to lawfully divert airport revenue, provided that these sponsors had local governing laws or bond covenants in place as of September 2, 1982, that allowed or required this revenue to be used to support not only the airport but also the sponsor's other facilities or debt obligations.[7] The exemption was later expanded to include state or local aviation fuel taxes that were in place as of 1987.

The FAA Authorization Act of 1994 requires FAA to consider a grandfathered sponsor's diversion of airport revenue above a specific inflation-adjusted baseline—also known as a revenue use "cap"—as a factor when awarding discretionary AIP grant funding.[8] A sponsor's cap for any given year is based on the amount the sponsor diverted in its first

[6]We selected 10 U.S. airlines that serve grandfathered airports with the greatest passenger traffic, as measured by revenue-passenger miles (i.e., one fare-paying passenger transported one mile) in 2018 and interviewed seven airlines. Three airlines declined to participate.

[7]49 U.S.C. § 47107(b)(2) and § 47133.

[8]As we have previously reported, the distribution of federal AIP grants is complex and based on a combination of formula funds and discretionary funds. FAA awards discretionary funds for selected eligible projects based on FAA selection criteria and a priority system, which FAA uses to rank projects according to nationally identified priorities. GAO-20-298.

fiscal year ending after August 23, 1994, adjusted annually based on the U.S. Department of Labor's Consumer Price Index. Specifically, when awarding discretionary AIP grant funding, FAA must consider any amount diverted above a sponsor's revenue use cap in the year preceding a grant application as a factor militating against the sponsor's grant funding.[9] If the diverted amount is at or below the sponsor's revenue use cap, then the revenue diversion does not have an effect on discretionary grant award decisions. Grandfathered airport sponsors submit annual diversion amounts to FAA along with other financial data required by law of all airport sponsors.[10]

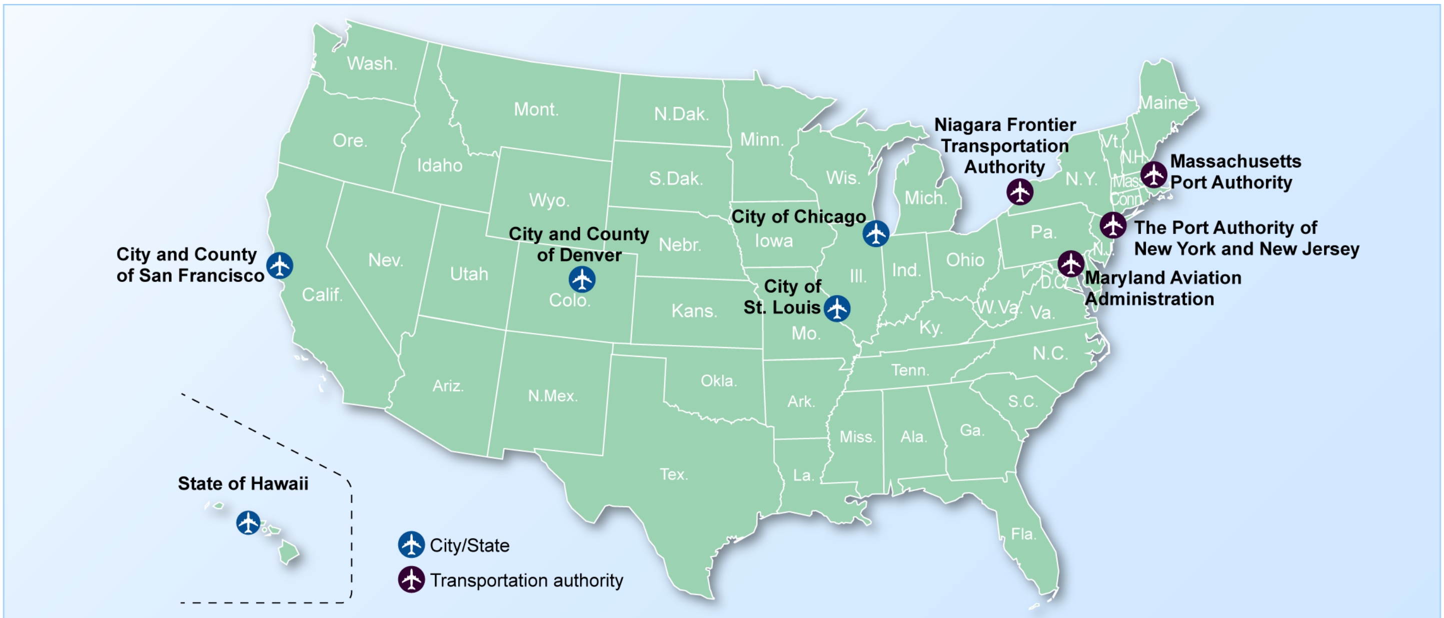
The nine grandfathered airport sponsors included in this study own 32 airports in total. These include several large airports, such as John F. Kennedy International Airport and O'Hare International Airport, which serve millions of passengers each year, as well as smaller airports, such as several in Hawaii that serve only a few thousand passengers a year. Of these nine airport sponsors, five are city or state governments that administer airport operations, in addition to many other governmental departments and services. The remaining four airport sponsors function as transportation authorities—where airports are one component among other transportation modes (e.g., maritime ports or public transit divisions) that operate independently from other government services (see fig. 1).[11]

[9]49 U.S.C. § 47115(f).

[10]See 49 U.S.C. § 47107(a)(19) and FAA Forms 5100-126, *Financial Government Payment Report*, and 5100-127, *Operating and Financial Summary*.

[11]The Maryland Aviation Administration is a component within an overarching state transportation agency, which functions similarly to a transportation authority because it operates independently from other government services. For the purposes of this report, we refer to this sponsor as functioning as a transportation authority. The Port Authority of New York and New Jersey is a bi-state agency established pursuant to the U.S. Compact Clause; it is controlled by joint action of its two establishing states.

Figure 1: Airport Sponsors That Have Reported Grandfathered Revenue Diversion, as of 2018



Airport sponsor	Number of airports	Enplanements during calendar year 2018/ Airports (each bar segment represents an airport, airports listed in order of most to least enplanements)
The Port Authority of New York and New Jersey	5	John F. Kennedy International; LaGuardia; Newark Liberty International; New York Stewart International; Teterboro
City of Chicago	2	Chicago O'Hare International; Chicago Midway International
City and County of Denver	1	Denver International
City and County of San Francisco	1	San Francisco International
Massachusetts Port Authority	3	General Edward Lawrence Logan International; Worcester Regional; Laurence G. Hanscom Field
State of Hawaii	15	Daniel K. Inouye International; Kahului; Ellison Onizuka Kona International at Keahole; Lihue; Hilo International; Molokai; Kapalua; Lanai; Waimea-Kohala; Kalaupapa; Hana; Kalaeloa; Dillingham Airfield; Upolu; Port Allen
Maryland Aviation Administration	2	Baltimore/Washington International Thurgood Marshall; Martin State
City of St. Louis	1	St. Louis Lambert International
Niagara Frontier Transportation Authority	2	Buffalo Niagara International; Niagara Falls International
		0 5 10 15 20 25 30 35 40 45 50 55 60 65 70 75
		Passenger enplanements (in millions)

Source: Federal Aviation Administration (FAA) and Map Resources. | GAO-20-684

Note: Enplanements are a measure of the number of people boarding planes and are included in the figure based on FAA data from 2018 to provide relative context about passenger volume. Passenger enplanements under 120,000 may not be readily visible as depicted in this figure (due to scale) for airports from the following airport sponsors: The Port Authority of New York and New Jersey (Teterboro), Massachusetts Port Authority (Worcester Regional, Laurence G. Hanscom Field), State of Hawaii (Molokai, Kapalua, Lanai, Waimea-Kohala, Kalaupapa, Hana, Kalaeloa, Dillingham Airfield, Upolu, Port Allen), Maryland Aviation Administration (Martin State), and Niagara Frontier Transportation Authority (Niagara Falls International). The airport industry anticipates data on overall passenger enplanements across all U.S. airports to decrease by hundreds of millions of passengers in 2020 due to the Coronavirus Disease 2019. Preliminary air traffic data published by the Bureau of Transportation Statistics indicate that U.S. airlines carried 89 percent fewer scheduled service passengers in May 2020 than in May 2019, after having dropped in April to the lowest level of air travel based on records since 1974, according to data filed by 20 airlines that carry more than 90 percent of passengers.

While FAA currently officially recognizes nine grandfathered airport sponsors, there previously were several additional airport sponsors that FAA recognized as grandfathered. For various reasons, however, FAA no longer considers those additional airport sponsors to be grandfathered.[12] For instance, a reorganization of one formerly grandfathered airport sponsor into a new entity meant that the sponsor no longer met statutory requirements required for grandfathered status. However, FAA officials told us that other airport sponsors may seek to demonstrate that certain state or local laws or taxes qualify them for grandfathered status.[13]

[12]Three airport sponsors are no longer considered grandfathered by FAA. Specifically, FAA no longer considers the City and Borough of Juneau to be grandfathered because that sponsor no longer collects an aviation fuel tax as of 2001. Texarkana Airport Authority notified FAA in 1999 that it was not diverting airport revenue, and FAA no longer considers the Texarkana Airport Authority to be grandfathered. A new San Diego County Regional Airport Authority was established to run the San Diego International Airport, effective January 1, 2003, so the airport sponsor no longer met the statutory requirements—of having relevant local covenants, assurances, or governing laws pre-dating September 2, 1982—required for grandfathered status.

[13]In 2014, FAA issued an amendment to its Revenue Use Policy that confirms that state or local aviation fuel tax proceeds are airport revenue subject to the revenue-use requirement. The amendment permits state and local governments to demonstrate or come into compliance with revenue-use requirements for aviation fuel tax proceeds through submission of an Action Plan (see *Policy Concerning the Use of Airport Revenues; Proceeds from Taxes on Aviation Fuel*, 79 Fed. Reg. 66282 (Nov. 7, 2014). According to FAA officials, a number of airport sponsors have applied to FAA as part of their Action Plans for their aviation fuel taxes to be considered grandfathered, on the basis of having had aviation fuel taxes in place prior to December 30, 1987. These officials said that FAA is in the process of seeking additional information from these applicants. As of March 31, 2020, FAA has received 104 requests for grandfathering status from a population of 192 Action Plan submittals, and FAA has approved 39 grandfather requests. FAA is working with these 39 entities to implement reporting requirements. Additionally as previously mentioned, FAA officials stated that they recognize the City of El Paso as a grandfathered airport sponsor, but have yet to determine reporting requirements. These airport sponsors are outside of our scope as FAA's determinations are pending and no revenue diversion data are available.

Annual Revenue Diversion Varies Widely across Grandfathered Airport Sponsors and Has Supported State and Local Services and Transportation Assets

Annual Amounts of Airport Revenue Diverted Were Driven by State and Local Laws or Transportation Authorities' Needs

From fiscal years 1995 through 2018, FAA data show that the nine grandfathered airport sponsors lawfully diverted revenue amounts that varied from as little as no diversion by some sponsors in some years to as much as $840 million by a sponsor in one year (see table 1).[14] Appendix III provides revenue diversion figures for each airport sponsor for fiscal years 1995 through 2018.

[14]FAA data includes negative diversion amounts for two airport sponsors—the Maryland Aviation Administration and The Port Authority of New York and New Jersey—for several years. These negative amounts represent years where the airport sponsor transferred more state transportation funds to be used for airport purposes (Maryland Aviation Administration) or into its reserve funds (The Port Authority of New York and New Jersey) than the amount of airport revenues it diverted for other purposes. We consider the negative amounts to be no diversion in that year for the purposes of this report, unless noted otherwise.

Table 1: Airport Revenue Diverted by Grandfathered Airport Sponsors, Fiscal Years 1995 through 2018

	Minimum (in dollars)	Maximum (in dollars)	Median (in dollars)	Mean (in dollars)
City of Chicago	25,387,297	35,936,376	30,290,915	30,594,168
City and County of Denver	6,379,219	9,869,795	7,434,733	7,590,699
City of St. Louis	3,623,287	6,688,428	5,561,663	5,463,602
City and County of San Francisco	16,054,000	46,548,804	24,206,161	27,295,150
State of Hawaii	2,266,599	14,491,771	10,478,414	10,002,949
Maryland Aviation Administration	0	5,829,715	0	389,134
Massachusetts Port Authority	18,343,549	61,608,863	32,459,687	35,094,130
Niagara Frontier Transportation Authority	0	5,946,701	2,008,057	1,938,842
The Port Authority of New York and New Jersey	0	840,054,000	138,272,500	196,788,125

Source: GAO analysis of Federal Aviation Administration (FAA) data. | GAO-20-684

Note: For the purposes of this table, we considered negative amounts to be no diversion in that year. Negative amounts represent years where the airport sponsor transferred more state transportation funds to be used for airport purposes or into its reserve funds than the amount of airport revenues it diverted for other purposes.

Based on our analysis of the local and state laws that provide for airport revenue diversion, we found that airport sponsors differ in how they determined airport revenue diversion amounts, depending on whether the airport sponsor is a city or state government or functions as a transportation authority.

City and state governments. For the five airport sponsors that are city or state governments, the amount diverted is either a percentage or amount of annual airport revenue, as specified by their respective local laws or agreements (see table 2).[15] All city- and state-government airport sponsors regularly diverted revenue for each of the 24 years from 1995 through 2018, per their local laws and agreements. In 2018, revenue diversions for the five airport sponsors ranged from almost $7 million (City of St. Louis) to about $47 million (City and County of San Francisco). Based on our analysis for these sponsors, diverted airport revenue comprised less than 1.5 percent of the airport sponsors' total annual general fund expenditures in 2018 and less than 4.5 percent of their airport(s) operating revenues for that year.

[15]See appendix II for a summary of relevant local laws and bond covenants that pre-dated 1982 (or 1987 for aviation fuel taxes) and provided for the use of airport revenue for non-airport purposes (i.e., the source of airport sponsors' grandfathered status).

Table 2: Basis for Determining Airport Revenue Diversion Amounts for Grandfathered City or State Government Airport Sponsors

Airport sponsor	Source of grandfathered status	Calculation applied
City of Chicago	Municipal code	1 percent use tax & $.05 per gallon vehicle fuel tax, both applied to aviation fuel
City and County of Denver	City ordinance	$.02 per gallon tax, applied to aviation fuel
State of Hawaii	State statute	5 percent payment of airport revenue, less debt service
City of St. Louis	City ordinance	5 percent payment of airport operating revenue
City and County of San Francisco	City charter	15 percent payment of concession revenue[a]

Source: GAO analysis of local and state laws and agreements and interviews with agency officials. | GAO-20-684

[a]The San Francisco City Charter allows for an annual transfer of up to 25 percent of the airport's non-airline revenues. According to city officials, the transfer is further constrained by a settlement agreement and subsequent lease and use agreements between the airport sponsor and the airlines operating at the airport to transfer the greater of $5 million or 15 percent of concession revenue. Concession revenue can include, for example, fees and rent collected from airport restaurants and newsstands.

Transportation authorities. The four grandfathered airport sponsors that function as transportation authorities generally have more discretion to determine the amount of revenue diverted. Each of these four airport sponsors are structured differently and determine airports' revenue diversion amounts to meet their respective agency needs (see table 3). From 1995 through 2018, these four transportation authorities diverted amounts that varied widely year-to-year, based on the authorities' broader needs. In 2018, revenue diversions by each of these transportation authorities ranged from no diversion (Niagara Frontier Transportation Authority) to $275 million (The Port Authority of New York and New Jersey). In that same year, one airport sponsor transferred about $49 million to its airports from other state transportation revenues (Maryland Aviation Administration).

Table 3: Determination of Airport Revenue Diversion Amounts for Grandfathered Airport Sponsors That Function as Transportation Authorities

Airport sponsor	Source of grandfathered status	Determination of airport revenue diversion amounts reported to Federal Aviation Administration
Maryland Aviation Administration[a]	State law	State law requires all transportation revenue be combined into a single state transportation trust fund, including airport revenue. The state legislature determines how much transportation funding to appropriate to the Maryland Aviation Administration each year. Differences between appropriations and airport revenue for that year can result in revenue diversion.
Massachusetts Port Authority	State law, trust agreement	All finances are managed across assets, including a seaport. Diversion amounts—such as transfers to support the operations of the seaport—are determined each year by agency leadership based upon seaport needs and other factors.[b]
Niagara Frontier Transportation Authority	State law	All finances are managed across assets, which include a transit system. Diversion amounts—such as operating transfers to the transit system—are determined by agency leadership.
The Port Authority of New York and New Jersey	Congressional authorization of interstate compact, New York and New Jersey state laws, and consolidated bond resolutions of its Board of Commissioners	Net revenues, if any, from the Port Authority's business segments are pooled in two reserve funds.[c] Airport revenue diversion amounts are calculated annually as the amount its non-aviation business segments use from the Port Authority's reserve fund balances for each year. Non-aviation business segments include bridges, tunnels, rail transit, ferry transportation, regional transportation facilities, marine and bus terminals, and the World Trade Center complex.

Source: GAO analysis of state laws and information from interviews with agency officials. | GAO-20-684

[a]The Maryland Aviation Administration is a component within an overarching state transportation agency, the Maryland Department of Transportation, which functions similarly to a transportation authority because it operates independently from other government services.

[b]Massachusetts Port Authority officials stated that a portion of its revenue diversion amount is a function of seaport revenues and expenses, and its payments in lieu of taxes are set in law.

[c]The Port Authority of New York and New Jersey's two reserve funds are the Consolidated Bond Reserve Fund and General Reserve Fund. The General Reserve Fund is maintained at an amount equal to 10% of the par values of its outstanding bonds.

Of the nine grandfathered airport sponsors, the amounts diverted across the years has generally varied the most for the four transportation authorities.

- **Maryland Aviation Administration (MAA).** In almost all years from 1995 through 2018, FAA data show that the Maryland state legislature provided more funds to MAA for its airports than the total airport revenues that MAA deposited into the state's transportation trust fund.

Based on this, net revenue diversion from its airports to the state's transportation trust fund occurred in 3 years (1999, 2010, and 2011), in amounts ranging from almost $700,000 to $5.8 million. MAA did not divert any airport revenue in 2018. Based on our analysis, in the most recent year that MAA diverted airport revenue (2011), the diversion comprised less than 1 percent of the state's total annual transportation expenditures and about 2 percent of their airports' operating revenue for that year.

- **Massachusetts Port Authority (Massport).** FAA data show that Massport has used its legal authority to consistently divert airport revenue to other Massport activities in each of the past 24 years. Annual airport diversion amounts have varied substantially over the years, ranging from a low of about $18 million (2005) to as much as $61 million (2018). According to our analysis, in 2018, Massport diverted an amount that was about 8 percent of its total annual operating expenditures, and about 9 percent of their airports' operating revenue.
- **Niagara Frontier Transportation Authority (NFTA).** According to FAA data, NFTA has used its legal authority to divert airport revenue to other transportation assets ranging from no diversion in 8 of the years—from 2001 through 2006, 2017, and 2018—to almost $6 million in 2012. In the most recent year that NFTA diverted airport revenue (2016), the diversion comprised about 1.4 percent of its total annual operating expenditures for that year, according to our analysis, and about 5 percent of their airports' operating revenues.
- **The Port Authority of New York and New Jersey (PANYNJ).** FAA data show that PANYNJ diverted airport revenue in 21 of the past 24 years, ranging from $21 million (2001) to $840 million (2010).[16] PANYNJ reported negative revenue diversion in 3 of the past 24

[16]To determine the annual amount of airport revenue diversion to report to FAA, PANYNJ first calculates net revenues from its airport operations for the year, which is the difference between revenue received from its airports and expenses paid for airport operations in that year. This airport net revenue is combined with other such net revenues from PANYNJ's non-aviation assets—including bridges, tunnels, rail transit, ferry transportation, regional transportation facilities, marine and bus terminals, and the World Trade Center complex. Net revenues from all the Port Authority's business segments are pooled in reserve funds. To determine the extent of airport revenue that has been diverted, PANYNJ determines whether and to what extent the combined non-aviation business segments, in aggregate, drew on the pooled reserve funds that year. There is an ongoing legal dispute between United Airlines and PANYNJ that includes a challenge to PANYNJ's method of determining its airport revenue diversion amount, among other things, that awaits FAA's final agency decision.

years (2012 through 2014), which we consider to be $0 revenue diverted in those years for the purposes of this report.[17] Based on our analysis, in 2018, PANYNJ diverted about 9 percent of its total operating expenditures, and about 10 percent of their airports' combined operating revenues.

As previously mentioned, while grandfathered airport sponsors may lawfully divert airport revenue of any amount for non-airport purposes, amounts diverted above a specific baseline amount, adjusted yearly, must be considered by FAA when awarding discretionary AIP grant funding. FAA data show that most (seven out of nine) grandfathered airport sponsors have generally not diverted amounts in excess of their respective inflation-adjusted 1994 "caps" over the 24-year period.[18] Three of these seven airport sponsors have never diverted revenue above their caps (City of Chicago, MAA, and Massport).[19] The other four of these airport sponsors did not regularly divert airport revenue above their yearly caps, and the cumulative amount any of them individually diverted above these yearly baseline amounts over the past 24 years totaled less than $4 million (City and County of Denver, City of St. Louis, State of Hawaii, and NFTA).

Of the remaining two airport sponsors, one consistently exceeded its yearly cap and the other has on occasion exceeded its cap by a fairly substantial amount.

- Specifically, the City and County of San Francisco is the only airport sponsor that has consistently exceeded the cap, doing so in 19 of the past 24 years, with almost $149 million of total payments in excess of the city's inflation-adjusted baseline. San Francisco officials told us that this has occurred because their revenue diversion amount is determined by an agreement with airlines based on a percentage of airport concession revenue, and, as such, the diverted amount increases proportionately with the growth of airport concession

[17]When PANYNJ reports negative revenue diversion, this indicates that PANYNJ's non-aviation business segments increased PANYNJ's pooled reserve funds. More specifically, PANYNJ reported the following negative diversion amounts in 2012, 2013, and 2014, respectively: -$165,853,000, -$11,592,000, and -$416,280,000.

[18]See appendix III for revenue diversion figures for each airport sponsor for fiscal years 1995 through 2018 with yearly inflation-adjusted revenue caps.

[19]This takes into consideration our calculation of Maryland Aviation Administration's effective revenue diversion amount, instead of a strict interpretation of diversion.

revenue. San Francisco and FAA officials also noted that there have been FAA-initiated reductions to San Francisco’s discretionary AIP grant awards in recent years on this basis.

- While PANYNJ has not consistently diverted above its yearly cap—it has done so in 6 of the past 24 years—the total amount diverted over its yearly inflation-adjusted baselines exceeds $1.3 billion. PANYNJ officials told us that in years where there was excess revenue diversion it was primarily due to timing differences in the recognition of capital expenditures and capital inflows, as well as extraordinary, non-recurring operating expenses related to the events of September 11, 2001, and the subsequent multi-year redevelopment of the World Trade Center site. PANYNJ officials stated that the causes of these excess diversions were disclosed to and discussed with the FAA and, if applicable, remedied in subsequent years by diverting amounts under the yearly cap, including negative diversion amounts in 3 years. They further stated that in aggregate over the 24-year period, instances in which PANYNJ exceeded its cap were counterbalanced by years in which it fell under the cap. To this point, FAA data show that the total amount over the 24-year period that PANYNJ could have diverted within its cap was almost $5.6 billion, and the aggregated amount of PANYNJ’s actual diversion was about $4.1 billion, which is about $1.5 billion less than the maximum PANYNJ could have diverted within its cap over the 24-year period.

Airport Sponsors Told Us Diverted Revenues Have Helped Fund City and State Programs and Services and Various Transportation Needs

Grandfathered airport sponsors use diverted airport revenue to help fund other needs, which can include local government programs and non-airport transportation assets. We found that uses for diverted revenue differed depending on whether the airport sponsor is a city or state government or functions as a transportation authority.

- **City and state programs and services.** For the five airport sponsors that are city or state governments, local officials told us that the diverted airport revenue goes into their jurisdiction’s general fund accounts and therefore is used for the varied purposes that the city or state general funds support, such as health care and public safety programs and services. These airport sponsors told us they do not track diverted airport revenue from their general funds to specific expenditures. Rather, they track general fund spending as a whole.
- **Transportation assets and bonding**. The four airport sponsors that function as transportation authorities co-mingle or share their revenues, including airport revenue, to fund varied purposes that are provided for by their respective enabling legislation, such as other transportation assets (e.g. maritime ports, transit systems) or securing

bonds. Three of the four sponsors told us that in managing their various assets, they secure bonds using co-mingled revenues, which can be used to finance both airport and non-airport facilities.[20] Sponsor officials provided examples of advantages of these types of consolidated bonds. For example, both PANYNJ and MAA officials said that the ability to repay bonds with revenue generated from multiple transportation assets with different risk profiles helps to reduce default risk, thus leading to higher bond ratings and reduced interest rates on the bonds. PANYNJ officials added that the agency's consolidated financial structure and diversity of revenue streams allows the Port Authority to achieve a lower cost of borrowing to fund capital investment in its facilities. Representatives of the three bond-ratings agencies we spoke to also said that diverse sources of available revenue can be beneficial for bond ratings. More specific uses of airport revenue and consolidated bonding by transportation authorities are described below.

- **Maryland Aviation Administration.** Given the structure of Maryland's transportation agencies and funding system, airport revenue can be used to fund any other transportation need as determined by state officials, such as highways, transit, or the maritime port. However, as previously mentioned, airports received more funding than they contributed for most of the years from 1995 through 2018. The state also issues consolidated transportation bonds that name the state's transportation revenues—including airport revenue—as security for the debt. According to MAA officials, currently Maryland has $3.3 billion in outstanding consolidated transportation bonds.
- **Massachusetts Port Authority.** Massport owns and operates three airports and a seaport facility. As such, Massport has used its consolidated revenues to fund seaport expenses when needed; make annual payments (in lieu of taxes) to the cities that surround their airports (i.e., Boston, Chelsea, and Winthrop, MA); and pay debt service. Currently, the agency has over $2 billion in outstanding consolidated bonds, according to Massport officials.
- **Niagara Frontier Transportation Authority.** In managing its finances across transportation modes, which include two airports and a transit system, NFTA has in some years used airport

[20]In bond documents, the sponsors pledge or otherwise identify airport revenue as a security for consolidated bonds. Specifically, each of the three sponsors provided us with an illustrative official statement for bonds that included airport revenue as part of the bonds' security. Official bond statements provide investors with information about the terms of the bonds.

revenue to support its transit operations. While NFTA has the ability to issue bonds pledging revenues for debt service across modes, officials told us they only use airport revenue as security when issuing bonds to fund airport capital projects.

- **The Port Authority of New York and New Jersey.** According to PANYNJ officials, over time, the PANYNJ may invest more in one business segment versus another, based on the capital needs of that business segment and where it is in its economic life cycle (e.g., airports, bridges, tunnels, transit, and the World Trade Center complex). For instance, in the years after the September 11, 2001, terrorist attacks, PANYNJ invested substantially in rebuilding the World Trade Center complex. Moving forward, the PANYNJ has plans to invest substantially in its airports, during which time the airports are expected to create a net draw on total revenues. More specifically, PANYNJ's current 10-year capital plan includes a $16.4 billion investment in aviation.[21] According to PANYNJ officials, this means that during this planned period of increased investment in its airports, the PANYNJ's non-aviation business segments would be subsidizing airport capital needs. PANYNJ's consolidated bond resolution requires it to pledge its consolidated revenues to the repayment of debt service. According to officials, the PANYNJ currently has approximately $22 billion in outstanding consolidated bonds as of December 31, 2019, with maturity dates out into the 2060s and 2070s, and the longest maturing in 2094.

[21]PANYNJ officials stated that in light of effects from the COVID-19 pandemic, PANYNJ's Board of Commissioners is reviewing this plan for downward adjustment at this time. However, officials stated that PANYNJ expects to continue to make substantial capital investment in its airports.

Selected Stakeholders Said a Repeal of Grandfathering Would Have Implications for Airport Sponsors but Differed on Potential Effects on Airports

Transportation Authorities Would Face Complex Legal and Financial Implications

Officials from all four transportation authorities identified legal and financial implications of repealing the grandfathering provision related to their agencies' multi-modal organizations. Officials explained that each of their agencies is structured within a legal framework that enables or requires them to share airport and other revenue to effectively manage across multiple transportation modes. Consequently, these officials raised concerns that a repeal would affect their respective agency's ability to lawfully manage finances across their multi-modal transportation authority, with a variety of implications, as described below.

- **Maryland Aviation Administration.** According to MAA officials, a repeal would undermine Maryland's vision for managing transportation using a multi-modal approach. As previously mentioned, Maryland state law requires all state transportation agencies to deposit all of their revenue into a single state transportation trust fund. Accordingly, MAA officials explained that under a repeal, the Maryland state legislature would need to restructure MAA to separate its revenues from the state transportation trust fund. Since MAA does not currently have the legal authority to maintain its own cash reserves to finance its own infrastructure investments, officials said a repeal would necessitate legislation establishing a separate state aviation fund for MAA, with a one-time cost of at least $250 million needed to provide the fund with its own starting balance. MAA officials added that, in turn, the cost of creating this fund would reduce funding for MAA and other transportation agencies. Furthermore, MAA officials said their airports would lose the benefits of sharing in the state's transportation trust fund. As described above, MAA has generally received more state funds for its airports than the total airport revenues that it has deposited into the state's transportation trust fund.

- **Massachusetts Port Authority.** Massport officials told us that the most significant implication of a repeal would be their agency's resulting loss of ability to consolidate revenues from and provide support across its transportation assets, as provided for by Massport's enabling legislation. For example, officials said that if Massport were no longer able to use airport revenue to help support its seaport, costs to seaport users would increase, resulting in negative regional economic effects, including job losses at the port and in the wider community. Officials also said that repeal would prohibit Massport's payments to three neighboring cities, which would hinder cooperation with those cities on airport infrastructure expansion. For example, officials stated that expansion of Boston Logan airport's runways and terminals has encroached on surrounding neighborhoods, and that payment agreements with the City of Boston have helped to facilitate such growth. According to Massport officials, taking steps to no longer consolidate airport revenue with other revenue would be challenging and time consuming, especially as it relates to fulfilling its pledge of consolidated revenue and servicing Massport's outstanding bonds, as discussed in more detail below. Finally, Massport officials indicated that repeal would be subject to legal challenge from Massport, because the agency understood itself to be grandfathered when it entered into federal airport grant agreements.
- **Niagara Frontier Transportation Authority.** NFTA officials told us a repeal would have a significant negative impact on their ability to manage finances as a single, self-sustaining agency across aviation and other assets, as provided for by NFTA's enabling legislation. Specifically, if NFTA were no longer able to make operating transfers from its airport revenues to its public transit division, officials anticipated that reductions in transit service would be necessary for the public transit division to cover its costs. Additionally, NFTA officials also told us that they would prefer not to lose the option—which is not currently exercised—to issue consolidated bonds. In the event of a repeal, officials stated that they would need to consult with New York State regarding legislative or other action needed to address any potential conflict between the enabling statute and the repeal.
- **The Port Authority of New York and New Jersey.** PANYNJ officials said that their organizational structure, including the consolidation of net revenues, has allowed PANYNJ to effectively prioritize regional infrastructure needs over the long term for the New York metropolitan area, as well as navigate temporary emergencies, such as cash

needs following the terrorist attacks of September 11, 2001; Hurricane Sandy; and the COVID-19 pandemic. As previously mentioned, PANYNJ was established in 1921 through a congressionally authorized interstate compact and is codified in the state laws of New York and New Jersey. PANYNJ officials told us that a repeal would require a fundamental restructuring of the basis on which it has financed its operations since it began pooling revenues in 1931, and a resulting loss of flexibility to manage capital investment for the region's transportation infrastructure.

Some of the most significant implications of a repeal would include possible non-compliance with its governing statutes and breach of its contractual covenants with its bondholders. In addition, PANYNJ officials cited increased borrowing costs, possible negative credit-rating effects, and disruption in the municipal-bond capital markets, which are further discussed below. According to PANYNJ officials, eliminating the consolidation of airport revenue with non-airport revenues would create extreme challenges and have significant financial implications, particularly as it relates to the repayment of approximately $22 billion in outstanding consolidated bonds, also discussed in more detail below. PANYNJ officials told us that their general reserve fund statute requires that surplus revenues from PANYNJ's assets be pooled and does not indicate how PANYNJ should proceed if it were required to stop consolidating revenue.

Officials from the three transportation authorities that have issued consolidated bonds anticipated complex financial implications related to those bonds in the event of a repeal of the grandfathering provision. These officials stated that a repeal could result in airport revenues no longer being permissible to secure or pay debt service on consolidated bonds.[22] Selected stakeholders—including airport sponsors, airport associations, and bond-rating agencies—identified potential implications of a repeal that affected consolidated bonds, and such implications are described more fully below:

- **Outstanding consolidated bonds.** According to Massport and PANYNJ officials, a repeal would cause their agency's outstanding bonds to be in default or subject their agency to a legal cause of action for breach of contract. Officials explained that this would occur because airport revenue that had been part of a consolidated revenue pledge for the outstanding bonds could no longer be used to service the debt. As previously stated, these airport sponsors currently have $1.6 billion and $22 billion in outstanding bonds, respectively. According to airport sponsor officials, bond documents for their outstanding consolidated bonds include no explicit provision specifying how to proceed in the event of a repeal. However, Massport's trust agreement and PANYNJ's bond resolution describe potential steps that permit negotiation with bondholders or the amendment or modification of the bonds with bondholder consent, respectively. According to PANYNJ officials, bondholders may be unwilling to amend or modify the outstanding bonds, given the benefits of their consolidated structure.

  Representatives from two of the bond-rating agencies we spoke to said that it would be difficult to predict the potential implications if a repeal applied to outstanding bonds for these entities, as each sponsor has specific circumstances related to its finances and the terms of its bond documents. Representatives explained that sponsors would likely require a significant amount of time, such as 10 years, to reissue or refinance the debt, or to change reporting to show

[22]Officials from two additional transportation authorities in addition to the nine grandfathered sponsors that FAA has designated as grandfathered—the Port of Oakland and the Port of Seattle—told us that their agency also issues consolidated bonds secured with a pledge of both airport and non-airport revenues. According to those officials, in practice, their agency does not use airport revenue to pay debt service on such bonds that are allocated to non-airport business lines. Officials from both sponsors stated that they consider their agency to be grandfathered due to having issued such consolidated bonds prior to 1982. According to Port of Oakland officials, if grandfathered revenue diversion were repealed such that the Port's pledge of airport and non-airport revenue were no longer lawful, the Port would be in default on outstanding bonds totaling approximately $804 million and would not be able to secure bonds with a similar pledge in the future. According to FAA officials, in general, a sponsor pledging airport revenue for consolidated bonds used for non-aviation projects would be considered unlawful revenue diversion if the sponsor were not grandfathered. Further, FAA would need to review pre-1982 laws and bond covenants to determine if the Ports of Oakland and Seattle warrant grandfather status.

that they were not diverting revenues to pay debt service on outstanding bonds. In addition, PANYNJ officials and representatives of one airport association we spoke to projected that such a repeal could generate a broader negative municipal bond market reaction because it would demonstrate the federal government's willingness to, at least in this circumstance, implement a policy change that negatively affects the repayment of outstanding bonds.

- **Future consolidated bonds.** Some stakeholders also indicated that the cost of borrowing money could increase for the transportation authorities, because they would no longer be able to include airport revenues as security for future consolidated bond issuances. PANYNJ officials explained that the authority would need to design new capital structures, such as by issuing airport bonds separately from other bonds. Representatives from one bond-rating agency similarly explained that transportation authorities like PANYNJ could potentially respond to a repeal by issuing airport debt and remaining consolidated debt separately. However, representatives from the three bond-rating agencies we spoke to said that ratings could differ across such new debt issuances depending on the specific characteristics of the debt issuances, which could affect borrowing costs. Accordingly, PANYNJ, Massport, and MAA officials and representatives from two airport associations we spoke to anticipated that bond ratings could be negatively affected due to a reduction in the diversity of their consolidated revenue streams. Those stakeholders told us that lower bond ratings could lead to higher borrowing costs—that is, higher interest rates on the bonds—which would ultimately reduce funds available for infrastructure investment.

When asked if there were any actions that could help mitigate the potential legal and financial implications of a repeal, officials from PANYNJ and Massport said that exempting outstanding bonds could alleviate some concerns, such as avoiding potential default. However, officials from all four transportation authorities said that if federal law were to repeal grandfathering, it would be difficult to mitigate the legal implications discussed above or the financial implications associated with no longer being able to include airport revenues as security for future consolidated bond issuances, because their flexibility to use revenues across their assets would inherently be reduced. Two transportation authorities mentioned additional federal actions that they believe could help mitigate the financial implications they anticipate if they could no longer divert airport revenue. Specifically, NFTA officials said that increased federal transit funds provided to NFTA could mitigate the effects for their public transit division, while MAA officials said that a funding source would have to be provided as a starting balance for a new, separate state aviation fund to mitigate a reduction in funding available for infrastructure.

A Repeal May Present Fewer Implications for City and State Airport Sponsors

We found that officials from each of the city and state airport sponsors identified fewer likely implications for each respective sponsor in the event of a repeal than officials from the transportation authority sponsors. In particular, officials from the city and state airport sponsors primarily named potential financial implications, with the exception of one airport sponsor:

- **Financial implications.** Officials from all five city and state airport sponsors stated that the immediate effect of a repeal would be a reduction in their general fund revenues. Sponsors told us they would then either attempt to raise other revenues to replace the loss in general fund revenues or reduce city or state services. Two of the five sponsors—the City and County of Denver and the City of St. Louis—predicted they would face local political obstacles to raising other revenue, which officials said would necessitate a reduction in government services. According to City and County of Denver officials, a replacement revenue tax would require voter approval. City of St. Louis officials stated that the City of St. Louis has relied on the transfer in its budget for decades and has no obvious means to generate an equivalent amount to offset the loss.

  Officials from two other sponsors—the State of Hawaii and the City and County of San Francisco—stated that a repeal would prompt their agency to charge their airports for indirect government operating costs, representing the costs they incur to provide general management and administrative services. These sponsors do not currently charge the airports for their indirect costs because they are defrayed by their airports' grandfathered payments. Finally, sponsor officials did not identify any outstanding bonds that specifically name diverted airport revenues as a source of pledged revenue. Officials from three sponsors noted that diverted airport revenues may currently be used to pay for debt service to the extent that general fund revenues are used to pay for debt service, but did not identify implications of a repeal specific to such bonds.

- **Legal and other implications.** Officials from three of the five city and state airport sponsors stated that a repeal would not have legal implications for their agency, and City of St. Louis officials noted that a relevant city ordinance could be modified in under 6 months.

However, officials from the City and County of San Francisco told us that it would have to renegotiate its lease and use agreement with airlines if a repeal were to occur. Under the terms of the agreement, the city receives 15 percent of San Francisco International Airport's concession revenues, while the remaining 85 percent of such revenues are credited against what airlines would otherwise owe in airport charges. Those officials told us that the sponsor would also consider legal action in an attempt to continue making grandfathered payments under the terms of the agreement.

If federal law were to repeal grandfathering, officials from two sponsors (the City of St. Louis and the City and County of Denver) told us that a phase-in of the repeal—such as over 5 or 10 years—would help sponsors plan for the losses to their general fund revenues. However, officials from the City and County of San Francisco told us that an implementation phased-in over time could increase the complexity of negotiations with airlines regarding their lease and use agreement.

Views Differed on How a Repeal Would Affect Airport Infrastructure Investment

Selected stakeholders—airline and airport stakeholders and grandfathered airport sponsors—expressed different views on the potential implications of a repeal for investment in airport infrastructure and airports' long-term financial performance. Specifically, representatives from six of the airlines we interviewed as well as representatives from two airline associations projected that more funds would be available to increase or accelerate airport infrastructure investment. In addition, representatives from four of seven selected airlines stated that a repeal would improve airports' long-term financial performance, such as by resulting in more revenues being available for operations or to reduce debt service costs.

In contrast, airport sponsor officials we spoke with from transportation authorities and city and state governments projected either negative or minimal implications, respectively, of a repeal for both airport infrastructure investment and long-term financial performance:

- According to officials from three of the grandfathered transportation authorities, both airport infrastructure investment and long-term financial performance would be more uncertain because airports could no longer benefit from consolidated revenues. PANYNJ, Massport, and MAA officials and representatives from two airport associations stated that higher future borrowing costs (discussed above) could reduce airport infrastructure investment. MAA officials further explained that their airports' infrastructure investment could decline because their airports may not continue to receive a net transfer of consolidated transportation funds. MAA officials also stated that their airports' long-term operating costs would increase if they needed to operate separately from a consolidated transportation department.

- City and state airport sponsor officials generally predicted minimal to negative impact on airport infrastructure investment and airports' long-term financial performance. Officials from three sponsors predicted minimal impacts on airports—the City of Chicago, the City and County of Denver, and the State of Hawaii—due to the relatively small amount of airport revenue that they had diverted. Additionally, officials from the State of Hawaii and the City and County of San Francisco stated that the dollar amounts of indirect operating costs the sponsors would charge their airports following a repeal are currently unknown, although City and County of San Francisco officials expected them to be significant. Officials from the City and County of San Francisco said that any increase in airport operating costs would ultimately reduce funding available for infrastructure investment.[23]

When asked to comment on any implications of repeal for the broader aviation system, grandfathered airport sponsors and selected airline and airport stakeholders generally reiterated the potential implications they had projected for infrastructure—whether positive, negative, or minimal. For example, MAA officials anticipated that any reduction in their airport infrastructure investment following a repeal could make Baltimore/Washington Thurgood Marshall International Airport less attractive to airlines. In addition, officials from three city and state airport sponsors said that a repeal could affect their negotiations with airlines.[24] Specifically, officials from the City of St. Louis and the City of Chicago explained that their airports set rates and charges with airlines annually and take into account levels of airport revenue available for the airport's

[23]Specifically, City and County of San Francisco officials explained that increased operating costs would reduce debt service coverage for their airport's outstanding revenue bonds, which could result in an adverse change in the credit ratings assigned to the bonds. Lower ratings would increase the airport's cost of borrowing for future infrastructure projects.

[24]At many commercial airports, the financial relationships between the airport and the airlines operating there are defined in "airport use agreements." These agreements specify the methods for calculating the fees airlines must pay to use the airport. The degree to which airports and airlines assume financial risks—including to what extent airlines agree to pay the costs of running the airport that are not offset by other revenue—varies. See GAO, *Airport Financing: Information on Airport Fees Paid by Airlines,* GAO/RCED-99-26R (Washington, D.C.: Nov. 5, 1998).

costs when doing so. Accordingly, the availability of airport revenue that would otherwise have been diverted could potentially result in slightly lower negotiated airline rates and charges. As stated above, officials from the City and County of San Francisco stated that it would have to renegotiate its lease-and-use agreement with airlines if a repeal were to occur. Finally, representatives from most of the airlines we spoke with stated that a repeal could lead to lower rates and charges for airlines because airports would have more revenue available and therefore would not need to charge airlines as much.

Agency Comments

We provided a draft of this report to the Department of Transportation (DOT) for review and comment. DOT told us that it had no comments on the draft report.

We are sending copies of this report to the appropriate congressional committees, the Secretary of the Department of Transportation, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-2834 or krauseh@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.

Heather Krause
Director, Physical Infrastructure

Appendix I: Objectives, Scope, and Methodology

The Federal Aviation Administration (FAA) Reauthorization Act of 2018 included a provision for us to examine grandfathered airport revenue diversion.[1] This report discusses (1) how much revenue has been diverted annually by grandfathered airport sponsors and how these revenues have been used, and (2) selected stakeholders' views on the potential implications of repealing the law allowing revenue diversion. To obtain information for both objectives, we reviewed laws, regulations, agency guidance, and our prior reports related to this topic.

To examine how much revenue has been diverted annually by grandfathered airport sponsors, we obtained and analyzed FAA financial data on grandfathered airport revenue diversion for fiscal years 1995 through 2018, all of the years for which such data are available. We obtained revenue diversion data from FAA's internal memo titled *Final Report on "Grandfathered" Revenue payments for 2018*, which includes data for all the years. We assessed the reliability of FAA's grandfathered diversion data by consulting with FAA officials knowledgeable about the data. We confirmed that FAA had made updates to the data and had shared additional guidance with airport sponsors about how to report grandfathered revenue diversion data following a 2018 U.S. Department of Transportation Office of Inspector General's (DOT OIG) report that found that FAA had incorrectly reported grandfathered revenue diversion data due to insufficient guidance to airport sponsors.[2] We also confirmed with officials from each of the nine grandfathered airport sponsors that submit data that the data are consistent with the data that their agencies had reported to FAA, and made corrections based on this review. We determined that the data were sufficiently reliable for the purposes of our reporting objectives.

[1] Pub. L. No. 115-254, §143, 132 Stat. 3186, 3212.

[2] See Department of Transportation, Office of Inspector General, *FAA Needs to More Accurately Account for Airport Sponsors' Grandfathered Payments*, AV-2018-041 (Apr. 17, 2018).

To examine how diverted revenues have been used, we interviewed the following nine grandfathered airport sponsors[3]:

- City of Chicago
- City and County of Denver
- State of Hawaii
- City of St. Louis
- City and County of San Francisco
- Maryland Aviation Administration
- Niagara Frontier Transportation Authority
- Massachusetts Port Authority
- The Port Authority of New York and New Jersey

For each of the nine grandfathered airport sponsors, we obtained information about relevant state and local laws and bond covenants that pre-dated September 2, 1982 (or December 30, 1987 for grandfathered aviation fuel taxes) and provided for the use of airport revenue for non-airport purposes (i.e., the source of airport sponsors' grandfathered status).[4]

[3]FAA currently collects data on grandfathered revenue diversion from nine airport sponsors, which have been included in this study. In July 2018, FAA determined that one more airport sponsor—the City of El Paso—is also grandfathered with respect to the use of water revenues derived from the sale of water taken from the El Paso International Airport. The city's grandfathering claim is based on a 1952 water system financing ordinance dictating the use of proceeds for water pumped from wells located on the airport; the ordinance predated September 2, 1982. FAA officials stated that they have yet to determine reporting requirements for the City of El Paso; therefore, no revenue diversion data are available. Accordingly, we have not included the City of El Paso in this study. In addition, FAA officials stated that other airport sponsors may seek to demonstrate that certain state or local taxes qualify them for grandfathered status. As of March 31, 2020, FAA has received 104 requests for grandfathering status from a population of 192 Action Plan submittals, and FAA has approved 39 grandfather requests. FAA is working with these 39 entities to implement reporting requirements. These airport sponsors are outside of our scope as FAA's determinations are pending and no revenue diversion data are available.

[4]As previously noted, federal law provided an exemption for certain grandfathered airport sponsors, allowing them to lawfully divert airport revenue for other purposes, provided that these sponsors had local governing laws or bond covenants in place as of September 2, 1982, that allowed or required this revenue to be used to support not only the airport, but also the sponsor's other facilities or debt obligations. Federal law later extended this exemption to state and local fuel taxes in place as of December 30, 1987.

To describe stakeholder views on the potential implications of repealing the law allowing grandfathered revenue diversion, we interviewed the nine grandfathered airport sponsors. Specifically, we asked them to identify any potential implications, including any legal or financial implications, of a repeal. For three of the grandfathered airport sponsors—those that issue consolidated bonds—we obtained relevant documents about those bonds. We also interviewed representatives from three bond-rating agencies, Fitch Ratings, Moody's Investors Service, and S&P Global Ratings; two airport industry associations, Airports Council International – North America and American Association of Airport Executives; two airline industry associations, International Air Transport Association and Airlines for America; and seven U.S. airlines about their views on the potential implications of a repeal. We also obtained their views on broader issues relating to revenue diversion and airport finance and infrastructure.

We selected 10 U.S. airlines that serve grandfathered airports with the greatest passenger traffic, as measured by revenue passenger miles (i.e., one fare-paying passenger transported one mile) in 2018. Selected airlines that we interviewed were: Alaska Airlines, American Airlines, JetBlue Airways, Hawaiian Airlines, Southwest Airlines, Spirit Airlines, and United Airlines.[5] Because we used a nonprobability sample of airlines to interview, our interviews are not generalizable. Finally, we interviewed officials from the Port of Oakland, Port of Portland, and Port of Seattle to obtain the perspectives from transportation authorities that issue bonds and that are not currently considered to be grandfathered airport sponsors by FAA. We selected these transportation authorities based upon suggestions from the bond-rating agencies for such transportation authorities that own airports and issue bonds. We presented a statement of facts to each interviewed airport sponsor and other entities to confirm that critical facts and key information are current, correct, and complete, and we incorporated technical comments as appropriate.

We conducted this performance audit from June 2019 to September 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that

[5]Three selected U.S. airlines declined to be interviewed: Allegiant Airlines, Delta Air Lines, and Frontier Airlines.

the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Grandfathered Airport Sponsors' Legal Summary

Table 4 summarizes information we gathered that pre-dated 1982 (or 1987 for grandfathered aviation fuel taxes) and provided for the use of airport revenue for non-airport purposes (i.e., the source of airport sponsors' grandfathered status) for the nine airport sponsors included in this study.

Table 4: Grandfathered Airport Sponsors' Relevant Local Laws and Bond Covenants

Airport sponsor	Source of grandfathered status	Citations
City of Chicago	Municipal code	Chicago Municipal Code – Ch. 3-27, §030 Chicago Use Tax for Nontitled Personal Property and Ch. 3-52, §020 Vehicle Fuel Tax.
City and County of Denver	City ordinance	Denver, Colo., Revised Municipal Code, ch. 16, art. 168 (1981); Denver, Colo., Revised Municipal Code, Ord. 557, ch.53, §27 (as amended)(1987); Denver, Colo., Revised Municipal Code, Ord. 69, ch. 53, §27 (as amended) (1989); Denver, Colo., Revised Municipal Code, Ord. 71, ch. 20, §18 (as amended)(1989).
State of Hawaii	State statute	Haw. Rev. Stat. § 36-28.5.
City of St. Louis	City ordinance, Airport bond indentures	Ord. 54999 § 11, 1968: 1960 C. § 71.030 – Title 18, §18.12.030.E.1 Airports and Aviation of the St. Louis City Code; Lambert-St. Louis International Airport Indenture of Trust between the City of St. Louis, Missouri and UMB Bank, N.A. (2009).
City and County of San Francisco	City charter	San Francisco Charter. section 16.104(b)(8).
Maryland Aviation Administration	State law	Md. Code Ann. Transportation § 3-216 (Westlaw 2019).
Massachusetts Port Authority	State law, trust agreement	Chapter 465 of the Massachusetts Acts of 1956, as amended; 1978 Trust Agreement dated as of August 1, 1978, as supplemented and amended, between Massachusetts Port Authority and U.S. Bank National Association, as successor-in-interest to State Street Bank and Trust Company, as trustee.
Niagara Frontier Transportation Authority	State law	N.Y. Pub. Auth. Law § 1299 (1967).
The Port Authority of New York and New Jersey	Congressional authorization of interstate compact, New York and New Jersey state laws, and consolidated bond resolutions approved by its board of commissioners	S. J. Res. 88, 67th Cong.,42 Stat. 174 (1921); Mck. Unconsol. Laws §§7001-7003)(NY) and N.J.S.A. 32:1 – 141 to 143 (NJ); 1952 consolidated bond resolution.

Source: GAO analysis of local laws and information from interviews with agency officials. | GAO-20-684

Appendix III: Grandfathered Airports' Revenue Diversion Data Tables

Table 5: City of Chicago's Grandfathered Airport Revenue Diversion, 1995 through 2018

Fiscal year	Revenue diversion[a] (in dollars)	Revenue diversion cap (in dollars)	Excess diversion (in dollars)
1995	32,756,678	32,756,678	0
1996	Not available	33,845,011	0
1997	Not available	34,421,187	0
1998	34,762,537	34,976,023	0
1999	Not available	35,914,977	0
2000	Not available	37,131,348	0
2001	35,936,376	37,707,524	0
2002	35,810,869	38,603,798	0
2003	35,551,560	39,329,353	0
2004	35,790,559	40,609,745	0
2005	33,270,600	41,996,835	0
2006	32,001,502	43,063,828	0
2007	32,349,610	44,813,696	0
2008	30,279,379	44,856,376	0
2009	30,302,450	46,072,748	0
2010	26,337,550	46,772,695	0
2011	25,387,297	48,164,054	0
2012	26,766,021	48,996,308	0
2013	25,534,741	49,732,533	0
2014	26,590,116	50,105,980	0
2015	26,984,905	50,468,758	0
2016	27,434,736	51,514,411	0
2017	29,443,844	52,602,743	0
2018	28,592,025	53,612,119	0

Source: Federal Aviation Administration data and City of Chicago officials. | GAO-20-684

[a]City of Chicago officials stated that while airport revenue was diverted in 1996, 1997, 1999, and 2000, officials do not have records available to verify data prior to 2004.

Table 6: City and County of Denver's Grandfathered Airport Revenue Diversion, 1995 through 2018

Fiscal year	Revenue diversion[a] (in dollars)	Revenue diversion cap (in dollars)	Excess diversion (in dollars)
1995	6,838,221	6,838,221	0
1996	Not available	7,065,419	0
1997	Not available	7,185,701	0
1998	7,355,765	7,301,527	54,238
1999	7,465,667	7,497,541	0
2000	7,846,874	7,751,469	95,405
2001	7,122,461	7,871,750	0
2002	6,379,219	8,058,855	0
2003	6,668,982	8,210,320	0
2004	7,954,705	8,477,612	0
2005	7,275,333	8,767,178	0
2006	6,485,559	8,989,922	0
2007	7,642,854	9,355,221	0
2008	7,063,496	9,364,131	0
2009	6,464,011	9,618,058	0
2010	7,489,817	9,764,178	0
2011	7,451,925	10,054,635	0
2012	8,390,791	10,228,375	0
2013	7,619,621	10,382,068	0
2014	7,417,541	10,460,028	0
2015	7,392,672	10,535,761	0
2016	9,577,024	10,754,049	0
2017	9,223,035	10,981,247	0
2018	9,869,795	11,191,963	0

Source: Federal Aviation Administration (FAA) data and City and County of Denver officials. | GAO-20-684

Note: City and County of Denver officials verified that the revenue diversion figures reflect what they had reported to FAA over the years. They changed accounting systems in 2017 and plan to work with FAA to address any variances due to different reporting methodologies. FAA officials stated that once airport sponsors make corrections in FAA's data system, FAA can update its records.

[a]City and County of Denver officials stated that while revenue was diverted in 1996 and 1997, they could not verify data prior to 1999.

Table 7: State of Hawaii's Grandfathered Airport Revenue Diversion, 1995 through 2018

Fiscal year	Revenue diversion (in dollars)	Revenue diversion cap (in dollars)	Excess diversion (in dollars)
1995	8,770,480	8,770,480	0
1996	6,400,940	9,012,028	0
1997	10,213,294	9,219,068	994,226
1998	7,142,091	9,374,349	0
1999	6,890,830	9,558,385	0
2000	12,324,034	9,914,956	2,409,078
2001	2,266,599	10,237,019	0
2002	5,739,256	10,346,291	0
2003	8,517,875	10,564,834	0
2004	9,771,402	10,909,902	0
2005	5,067,742	11,185,956	0
2006	9,593,145	11,669,052	0
2007	9,764,788	11,985,364	0
2008	10,886,295	12,583,482	0
2009	10,743,534	12,405,197	0
2010	12,094,751	12,537,473	0
2011	12,018,283	12,980,310	0
2012	13,708,581	13,198,854	509,727
2013	12,473,628	13,428,899	0
2014	12,260,909	13,704,953	0
2015	12,567,877	13,722,207	0
2016	12,786,441	13,860,234	0
2017	13,576,235	14,090,279	0
2018	14,491,771	14,492,859	0

Source: Federal Aviation Administration data and State of Hawaii officials. | GAO-20-684

Table 8: Maryland Aviation Administration's Grandfathered Airport Revenue Diversion, 1995 through 2018

Fiscal year	Revenue diversion (in dollars)	Maryland DOT offset payment to airports (in dollars)	Revenue diversion considering offset payment (in dollars)	Revenue diversion cap (in dollars)	Excess diversion (in dollars)
1995	73,454,335	Not available	Not available	73,454,335	0
1996	73,975,777	96,451,416	(22,475,639)	75,477,340	0
1997	79,111,366	94,221,165	(15,109,799)	77,211,344	0
1998	89,008,800	97,044,312	(8,035,512)	78,511,847	0
1999	107,626,558	105,170,451	2,456,107	80,053,183	0
2000	125,136,505	130,552,405	(5,415,900)	83,039,524	0
2001	126,744,723	169,777,051	(43,032,328)	85,736,863	0
2002	120,388,183	165,206,627	(44,818,444)	86,652,032	0
2003	117,403,098	191,658,927	(74,255,829)	88,482,369	0
2004	140,461,422	157,968,309	(17,506,887)	91,372,376	0
2005	126,634,540	166,879,257	(40,244,717)	93,684,381	0
2006	139,579,318	219,246,229	(79,666,911)	97,730,391	0
2007	151,620,447	228,622,437	(77,001,990)	100,379,563	0
2008	180,254,304	231,782,481	(51,528,177)	105,388,908	0
2009	181,580,203	196,779,854	(15,199,651)	103,895,738	0
2010	194,512,632	193,848,376	664,256	105,003,574	0
2011	207,732,545	201,902,830	5,829,715	108,712,416	0
2012	208,092,911	224,696,707	(16,603,796)	110,542,753	0
2013	220,769,214	226,094,528	(5,325,314)	112,469,424	0
2014	212,448,108	270,975,631	(58,527,523)	114,781,430	0
2015	224,079,884	278,803,928	(54,724,044)	114,925,930	0
2016	233,419,251	318,317,683	(84,898,432)	116,081,933	0
2017	243,248,524	309,603,985	(66,355,461)	118,008,604	0
2018	257,214,046	305,914,067	(48,700,021)	121,380,278	0

Source: GAO analysis of Federal Aviation Administration data and Maryland Aviation Administration officials. | GAO-20-684

Note: The Maryland Aviation Administration (MAA) is a component within the Maryland Department of Transportation (DOT), an overarching state transportation agency. State law requires all transportation revenue be combined into a single state transportation trust fund, including airport revenue. The Maryland legislature determines how much transportation funding to appropriate to MAA each year, which FAA identified as "Maryland DOT offset payment to airports" as indicated in a column heading above. For purposes of this report, we calculated yearly diversion amounts that consider these offset payments.

Table 9: Massachusetts Port Authority's Grandfathered Airport Revenue Diversion, 1995 through 2018

Fiscal year	Revenue diversion (in dollars)	Revenue diversion cap (in dollars)	Excess diversion (in dollars)
1995	42,966,373	42,966,373	0
1996	40,652,816	44,149,709	0
1997	36,046,542	45,163,997	0
1998	28,424,819	45,924,713	0
1999	42,761,282	46,826,303	0
2000	23,627,171	48,573,132	0
2001	28,797,409	50,150,914	0
2002	28,737,835	50,686,233	0
2003	28,016,772	51,756,870	0
2004	24,727,348	53,447,351	0
2005	18,943,549	54,799,735	0
2006	29,358,486	57,166,407	0
2007	38,121,131	58,716,014	0
2008	24,385,933	61,646,180	0
2009	45,133,220	60,772,765	0
2010	34,112,252	61,420,782	0
2011	43,785,030	63,590,232	0
2012	32,419,275	64,660,870	0
2013	29,857,117	65,787,856	0
2014	31,664,737	67,140,241	0
2015	45,680,189	67,224,765	0
2016	32,500,099	67,900,957	0
2017	48,930,864	69,027,944	0
2018	61,608,863	71,000,170	0

Source: Federal Aviation Administration data and Massachusetts Port Authority officials. | GAO-20-684

Table 10: Niagara Frontier Transportation Authority's Grandfathered Airport Revenue Diversion, 1995 through 2018

Fiscal year	Revenue diversion (in dollars)	Revenue diversion cap (in dollars)	Excess diversion (in dollars)
1995	2,716,913	2,716,913	0
1996	2,406,214	2,791,739	0
1997	2,207,059	2,855,876	0
1998	2,100,567	2,903,979	0
1999	1,684,612	2,960,990	0
2000	1,915,546	3,071,448	0
2001	0	3,171,216	0
2002	0	3,205,067	0
2003	0	3,272,767	0
2004	0	3,379,662	0
2005	0	3,465,178	0
2006	0	3,614,830	0
2007	608,028	3,712,818	0
2008	1,205,872	3,898,102	0
2009	2,276,907	3,842,873	0
2010	2,356,158	3,883,849	0
2011	5,796,882	4,021,031	1,775,851
2012	5,946,701	4,088,731	1,857,970
2013	3,410,749	4,159,995	0
2014	4,200,000	4,209,879	0
2015	4,200,000	4,206,316	0
2016	3,500,000	4,241,947	0
2017	0	4,343,498	0
2018	0	4,446,829	0

Source: Federal Aviation Administration data and Niagara Frontier Transportation Authority officials. | GAO-20-684

Table 11: The Port Authority of New York and New Jersey's Grandfathered Airport Revenue Diversion, 1995 through 2018

Fiscal year	Revenue diversion (in dollars)	Revenue diversion cap (in dollars)	Excess diversion (in dollars)
1995	176,544,000[a]	176,544,000	0
1996	150,540,000[b]	182,409,631	0
1997	107,673,000[b]	185,514,965	0
1998	126,052,000	188,505,287	0
1999	48,897,000	193,565,832	0
2000	124,984,000	200,121,537	0
2001	21,427,000	203,226,872	0
2002	341,984,000	208,057,392	133,926,608
2003	68,033,000	211,967,812	0
2004	249,530,000	218,868,555	30,661,445
2005	198,490,000[c]	226,344,360	0
2006	237,695,000	232,094,979	5,600,021
2007	40,973,000	241,525,993	0
2008	150,493,000	241,756,018	0
2009	265,062,000	248,311,724	16,750,276
2010	840,054,000	252,084,130	587,969,870
2011	92,598,000	259,582,937	0
2012	(165,853,000)	264,068,420	0
2013	(11,592,000)	268,036,347	0
2014	(416,280,000)	270,049,063	0
2015	836,197,000	272,004,274	564,192,726
2016	107,210,000	277,639,880	0
2017	262,975,000	283,505,511	0
2018	275,504,000	288,945,597	0

Source: Federal Aviation Administration (FAA) data and The Port Authority of New York and New Jersey officials. | GAO-20-684

[a]Port Authority of New York and New Jersey officials stated this amount was calculated from their fiscal year ended December 31, 1994, audited financial statements prepared in accordance with Port Authority of New York and New Jersey bond resolutions, and is used by FAA in determining the annual revenue diversion cap adjusted annually for inflation.

[b]Figures for 1996 and 1997 provided by The Port Authority of New York and New Jersey officials, who stated they were not required to report these amounts to FAA for these years.

[c]Figure for 2005 provided by The Port Authority of New York and New Jersey officials. FAA listed this figure as $198,409,000.

Table 12: City of St. Louis' Grandfathered Airport Revenue Diversion, 1995 through 2018

Fiscal year	Revenue diversion (in dollars)	Revenue diversion cap (in dollars)	Excess diversion (in dollars)
1995	4,366,249	4,366,249	0
1996	3,623,287	4,486,500	0
1997	3,916,974	4,589,572	0
1998	4,280,929	4,666,876	0
1999	4,787,408	4,758,496	28,912
2000	5,052,405	4,936,009	116,396
2001	4,143,278	5,096,343	0
2002	5,152,000	5,150,742	1,258
2003	5,260,000	5,259,541	459
2004	5,434,000	5,431,327	2,673
2005	5,570,000	5,568,757	1,243
2006	5,407,386	5,809,259	0
2007	5,553,326	5,966,730	0
2008	5,831,054	6,264,494	0
2009	5,831,054	6,175,737	0
2010	5,812,663	6,241,589	0
2011	6,078,799	6,462,049	0
2012	6,096,767	6,570,847	0
2013	6,607,408	6,685,371	0
2014	6,327,899	6,822,801	0
2015	6,407,629	6,831,390	0
2016	6,397,569	6,900,105	0
2017	6,499,930	7,014,630	0
2018	6,688,428	7,215,048	0

Source: Federal Aviation Administration (FAA) data and City of St, Louis officials. | GAO-20-684

Note: City of St. Louis officials verified that the revenue diversion figures reflect what they had reported to FAA over the years. However, officials stated that those figures may have included certain payments that were incorrectly included, and city officials plan to work with FAA regarding the discrepancies. FAA officials stated that once airport sponsors make corrections in FAA's data system, FAA can update its records.

Table 13: City and County of San Francisco's Grandfathered Airport Revenue Diversion, 1995 through 2018

Fiscal year	Revenue diversion (in dollars)	Revenue diversion cap (in dollars)	Excess diversion (in dollars)
1995	16,054,000[a]	16,054,000	0
1996	18,240,633	16,496,143	1,744,490
1997	19,699,220[b]	16,875,123	2,445,671
1998	21,184,221	17,159,357	4,024,864
1999	21,009,065	17,496,228	3,512,837
2000	22,394,372	18,148,915	4,245,457
2001	25,064,370	18,738,439	6,325,931
2002	17,784,263	18,938,456	0
2003	16,823,628	19,338,490	0
2004	18,160,665	19,970,123	0
2005	19,677,249	20,475,430	0
2006	21,512,617	21,359,715	152,902
2007	23,347,951	21,938,712	1,409,239
2008	25,941,990	23,033,542	2,908,448
2009	26,849,370	22,707,199	4,142,171
2010	28,100,044	22,949,325	5,150,719
2011	30,181,020	23,759,920	6,421,100
2012	33,992,957	24,159,954	9,833,003
2013	36,464,415	24,581,043	11,883,372
2014	37,993,509	25,086,349	12,907,160
2015	40,480,208	25,117,930	15,362,278
2016	42,542,183	25,370,584	17,171,599
2017	45,036,844	25,791,672	19,245,172
2018	46,548,804	26,528,577	20,020,227

Source: Federal Aviation Administration (FAA) data and City and County of San Francisco officials. | GAO-20-684

[a]City and County of San Francisco officials stated this figure listed is consistent with what they reported to FAA, but the actual figure was $16,053,634, with the difference due to rounding.

[b]City and County of San Francisco officials provided this updated figure for 1997. FAA data lists this figure as $19,320,794.

Appendix IV: Staff Acknowledgments

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Staff Acknowledgments

In addition to the contact named above, Jean Cook (Assistant Director); Brian Chung (Analyst-in-Charge); Amy Abramowitz, Dave Hooper, Delwen Jones, Risto Laboski, Josh Ormond, Christopher Ross, Shane Spencer, and Elizabeth Wood made key contributions to this report.

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