



April 15, 2019

To: Members of the Oregon State Legislature

Re: House Bill 2402 -- Relating to aviation fuel; prescribing an effective date; providing for revenue raising that requires approval by a three-fifths majority.

On behalf of Allegiant Air, I am writing to request your opposition to House Bill 2402, a proposal that increases the tax on aviation fuel sales for commercial air carriers serving the State of Oregon. As an ultra-low-cost-carrier (ULCC) Allegiant's flexible business model focuses on creating new vacationers by offering low fares from underserved communities to world-class vacation destinations. Allegiant serves both Eugene Airport (EUG) and Rogue Valley International-Medford Airport (MFR), representing the only ULCC at either airport.

In 2018, Allegiant's average one-way domestic gross fare into Oregon was \$80 whereas the average for all other airlines was \$192. Our low fares stimulate new travelers – extremely price sensitive ones – who previously would not have been able to afford to go, or would rather spend less on transportation so they can enjoy the destination.

Currently, Allegiant represents 12% and 8.5% of the commercial air service at EUG and MFR, respectively. Through our service, passengers have access to destinations such as Las Vegas, Los Angeles, Oakland/San Francisco, Phoenix-Mesa, and San Diego. We want to see route options and frequencies grow, just as our passengers do. HB2402 will make it more difficult to maintain route profitability and extremely low fares.

Airlines, just as all businesses, make decisions based on cost. With fuel being one of the most significant costs for our airline, an increase to the jet fuel tax will stifle additional growth. ULCCs are the fastest growing segment of the airline industry, and Allegiant is proud to help contribute to this reputation. Over the next five years Allegiant plans to grow our fleet by at least 33% and with HB2402 removed from consideration, Allegiant looks forward to exploring further growth opportunities in Eugene & Medford, as well as across the state of Oregon.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Fletcher".

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