



February 9, 2021

The Honorable Lee Beyer, Co-Chair
Joint Committee on Transportation
Oregon State Capitol
900 Court St. NE, S-411
Salem, OR 97301

The Honorable Susan McLain, Co-Chair
Joint Committee on Transportation
Oregon State Capitol
900 Court St. NE, H-477
Salem, OR 97301

Subject: Alaska Airlines Comments on HB 3055

Dear Senator Beyer, Representative McLain, and members of the Joint Committee on Transportation,

Thank you for the opportunity to submit comments on behalf of Alaska Airlines concerning House Bill 3055. Alaska Airlines wishes to register its support for lifting the sunset on the 2015 jet fuel tax increase, thereby retaining and making permanent the current tax of 3 cents per gallon. We also appreciate that HB 3055 does not seek to increase the tax further, and we respectfully oppose any effort to do so. Such a tax increase would disadvantage Alaska Airlines and Horizon Air against our much larger competitors and significantly impede our efforts to recover from the worst economic downturn in our company's history.

Alaska Airlines is the 5th largest U.S. commercial air carrier and the only commercial airline headquartered in the Pacific Northwest and on the West Coast. In fact, Alaska Airlines and/or Horizon Air serve four commercial airports in the state of Oregon, including Portland, Eugene, Redmond/Bend and Medford. Our combined operation serves the most passengers traveling to and from Portland International Airport, and we offer more flights to more destinations from the West Coast than any other airline, making us a vital part of the state and national transportation infrastructure.

Airlines continue to navigate the biggest demand contraction in the history of aviation resulting from the COVID-19 pandemic. Our service, schedule and revenues remain dramatically suppressed, and we anticipate it will take some time before we return to pre-pandemic levels of service. Just last week, Alaska released its end-of-year earnings for 2020, reporting a total adjusted net loss of \$1.3 billion – the largest loss in the history of our company. Passenger volumes were down 62% and total revenues were down \$5 billion compared to 2019. We continue to do everything we can to reduce our costs and maintain a strong



operation, and we're proud that we've been able to avoid large-scale furloughs. However, the sheer impact of this pandemic on our company and the airline industry cannot be overstated.

We continue to operate in a highly competitive business environment and are doing everything to position ourselves for a strong recovery. While Alaska and Horizon serve the largest number of passengers, routes and destinations in the state of Oregon, we remain a relatively small airline compared to our competitors. The top four airlines based in the United States serve approximately 85% of the total market for domestic travel. By comparison, Alaska Airlines accounts for just 6% of the domestic market. Maintaining low costs has always been essential to our ability to compete with much larger airlines. Today, it is also essential to our recovery. As the airline serving the most passengers and airports in Oregon, any increase in the state jet fuel tax would disproportionately impact Alaska and Horizon.

We're proud of the investments we've made in Oregon over the years through the active community engagement of our employees, the taxes we pay at the state and local levels, and the investments we make in capital improvements at the airports we serve. Today, we continue to partner with the Port of Portland on more than \$1 billion in major capital projects at Portland International Airport, which will further improve the experience for our guests in coming years.

Additional costs from taxes inhibit our ability to invest in our people and business, and create significant uncertainty around our future recovery and growth. We maintain our support of the state's efforts to lift the sunset on the existing tax from 2015 without any additional increase to the tax. Lastly, as the committee considers adjustments to the distribution of revenues from the state jet fuel tax, we urge the state to ensure that those revenues are used compliance with the Federal Aviation Administration's Revenue Use Policy.¹

Thank you,

A handwritten signature in black ink, appearing to read "Scott Kennedy".

Scott Kennedy
Manager, State & Local Government Affairs
Alaska Airlines

¹ [14 CFR Chapter I \[Docket No. FAA-2013-0988\] Policy and Procedures Concerning the Use of Airport Revenue: Proceeds From Taxes on Aviation Fuel](#)