



Massachusetts Port Authority
One Harborside Drive, Suite 200S
East Boston, MA 02128-2909
Telephone (617) 568-5000
www.massport.com

April 3, 2013

The Honorable David Camp, Chairman
House Committee on Ways and Means
341 Cannon House Office Building
Washington, DC 20515

Dear Chairman Camp,

Thank you, Mr. Chairman, for holding a hearing on tax reform and tax provisions affecting state and local governments. Even in a good economy, tax provisions can have a dramatic impact on economic growth, especially in the realm of bond financing. The Massachusetts Port Authority (Massport) owns and operates Boston Logan International Airport. As its CEO I am especially concerned with the financial burden the Alternative Minimum Tax (AMT) places on the purchasers of airport bonds and on the airports' ability to market those bonds. I strongly support a permanent exemption for private activity bonds from the Alternative Minimum Tax (AMT).

Boston Logan International Airport is New England's largest transportation center and one of the top twenty large hub airports in the United States. It generates \$7 billion in economic activity each year. Logan Airport has four passenger terminals, A, B, C and E, each with its own ticketing, baggage claim, and ground transportation facilities. In all, there are 94 gates with contact jet bridges and nine regional jet gates at the airport and more than 40 airlines fly nonstop to more than 100 domestic and international destinations.

It is a city within a city on a 1,700 acre footprint of land. The airport has a fire department, a police department, a power plant, two hotels, a non-denominational chapel and 27 acres of landscaping along the roadways and terminals. The safety and security of the tens of millions of passengers who use Logan each year and the 12,000 people who work here are our top priority.

Boston Logan International Airport set a new passenger record in 2012 with 29,325,617 people passing through the airport, an increase of 416,350 over 2011, which was the previous record high year. This growth can be directly tied to critical infrastructure investment. Over the past decade Massport spent \$4.5 billion on a modernization program that includes new terminals, public transportation access, parking facilities, roadways and airport concessions, and has been transformed into a world-class 21st Century facility. With the success of low-cost carriers such as Jet Blue, Logan will need to undertake a multi-million dollar renovation of its terminals in order to meet future demand.

Because of the increasing number of Americans subject to the AMT, bonds subject to AMT carry an increasing interest rate penalty, which costs issuers like Massport dearly over the life of a bond issue. At current rates, the AMT penalty is approximately 50 basis points which, over a 30 year bond issue of \$100 million, would cost Massport up to \$15 million in additional interest payments; dollars better spent on improving and maintaining Massport's airport and

Operating

Boston Logan International Airport • Port of Boston general cargo and passenger terminals • Hanscom Field • Boston Fish Pier • Commonwealth Pier (site of the World Trade Center Boston) • Worcester Regional Airport

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seaport facilities. These and other infrastructure plans are threatened by the expiration of the AMT exemption for airports. Below is a list of FY2014 projects that require funding with bonds subject to the AMT. In order to continue with the construction as planned, we need to issue this debt during the next 12 months. If they were relieved from the AMT classification, our interest rates would fall by 50 basis points. Yet, without the AMT exemption the cost of the financing would be rise by more than 50 basis points.

*Massport's 2014 bond issue would benefit from AMT relief
(Costs stated in thousands)*

<i>Improvements to Terminal B*</i>	<i>22,987</i>
<i>Baggage Improvements**</i>	<i>16,941</i>
<i>Terminal C Gate #40 and C-E Connectors*</i>	<i>16,785</i>
<i>Terminal E checkpoint expansion</i>	<i>1,000</i>
<i>Terminal C Curb Enhancements</i>	<i>4,000</i>
<i>Cargo Roof Replacements</i>	<i>8,922</i>
	<i>70,635</i>

**Net of PFCs and 2012 bond proceeds*

***Net of TSA grant and PFCs*

Boston Logan International Airport is an economic driver for the region and an important national gateway. Loss of the AMT exemption will have immediate impacts on Logan's operations and affect the long term transportation health of New England.

Logan Airport is unique in many aspects, but the financial barriers we face are shared by our fellow large hub airports. I encourage the committee to consider my comments and those of my peers as you examine the impact of removal of the AMT exemption would have on state and local governments. I am certain you will agree that the AMT exemption should be reinstated.

Please feel free to contact me with any questions about the AMT exemption or airport financing.

Sincerely,



Thomas P. Glynn
CEO & Executive Director

Cc: Congressman Richard Neal