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TO: CAOA Airport Members
CAOA Corporate Members

September 23, 2008

FROM: Mike Reisman
President

RE: Colorado Aviation Fuel Sales Tax Issue

For those that may not yet be aware, the Colorado Aviation Fuel Sales Tax program is once again in jeopardy, and an attack by both United and Frontier Airlines in the Colorado Legislature to either eliminate, or significantly limit sales tax collections, is imminent. Representatives from both airlines last week made presentations to the Colorado Transportation Legislation Review Committee (TLRC), and cited their desires concerning the sales tax program. The airlines are presently believed to be shopping for a sponsor for a bill to be introduced in the 2009 legislative session, most likely from the Denver metropolitan area.

As you are all aware, the Colorado airport system is one of the best in the U.S., in large part because of this tax system. The loss of the sales tax, or any cap or limitations which may be legislated, stand to dramatically alter this. The ability of Colorado airports to build and maintain their critical infrastructures and to be able to continue providing the services to the flying public at the level we have been for so long, is largely dependent upon this program.

The CAOA Board of Directors recently held a telecon in order to form some strategies to counter this effort. Most immediately, even though a bill has not been sponsored or introduced yet, each airport's contact with their legislators concerning this issue is necessary. The earlier an airport's, and/or a community's position and opinion can be established with its legislators, the better. It becomes more difficult over time to explain the necessity of this program to our legislators if we appear always to be on the defensive after the fact. If you do not have a relationship with your legislators, we suggest you develop one quickly. Your local elected officials most certainly do, and their support of CAOA's position is also necessary if they desire to continue receiving funding from this program for their airport. We also strongly urge our corporate members with legislative contacts to contact those individuals as well.

Over the next several weeks, a white paper will be developed which outlines the benefits and need for the continued support of this program, and the fiscal repercussions to each airport if it is successfully eliminated or restricted. Once complete, copies will be available to each airport. The CAOA Board of Directors has also determined the need to hold an Airport Manager's work session on this subject,

which will be conducted in conjunction with the upcoming CAOFA Fall Conference in Denver. This work session will be held immediately after the conclusion of the regular session agenda items on Friday, October 17th at the Embassy Suites DIA. Airport's and corporate members are strongly encouraged to attend this work session. If you will be able to attend, please contact me via email at Reisman@gxy.net, so that we may be prepared for the number of people attending.

Lastly, it is important to take note of the extent of who this will affect. The dedicated means of funding the Colorado airport system, and the operations and activities of the Colorado Aeronautics Division will be significantly impacted. The only other alternative means of funding will be for airports and the Aeronautics Division to compete for monies from the Colorado General Fund, which is already stressed beyond its limits. Airport improvement projects will be impacted significantly, as will be matching fund requests for FAA AIP projects. With less work taking place, those CAOFA corporate members who rely upon contracts with airports will also be impacted.

Again, you are urged to begin contacting your Colorado legislators immediately, making them aware of this pending effort, and how detrimental it would be to your airport or industry. Please feel free to contact me at (970) 336-3001, or via email, with any questions, or for any additional information.