

Infrastructure Investment and Jobs Act (IIJA) and Airport Funding

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The Infrastructure Investment and Jobs Act (IIJA, also referred to as [the bipartisan infrastructure law](#); P.L. 117-58), enacted on November 15, 2021, appropriated \$25 billion over a five-year period (FY2022-2026) for airport and air traffic control projects. This aviation funding includes \$15 billion in grants for airport infrastructure projects that increase safety and expand capacity; \$5 billion in competitive grants for airport terminals including replacing aging terminals and airport-owned control towers; and \$5 billion to improve the physical condition of Federal Aviation Administration (FAA) air traffic control facilities.

The entirety of the \$25 billion in the IIJA specified for civil aviation derives from the Treasury general fund. This departs from the usual practice of funding civil aviation infrastructure in the United States largely from user taxes and fees. In addition, the IIJA provides money for aviation purposes that previously were not eligible to receive federal funding.

Since 1970, the [Airport and Airway Trust Fund](#) (AATF) has been the primary funding source for all major FAA accounts that fund federal aviation programs—Operations and Maintenance (O&M), Airport Improvement Program (AIP), and Facilities and Equipment (F&E)—with a small portion of FAA O&M funding supplemented by general fund appropriations. AATF revenue comes from a variety of excise taxes paid by users of the national airspace system, including airline passenger ticket taxes, segment fees, air cargo fees, and fuel taxes paid by both commercial and general aviation aircraft. Taxes and fees related to passenger transportation have accounted for the majority of trust fund revenue.

Additionally, federal law authorizes commercial airports to impose a local [Passenger Facility Charge](#) (PFC) on each boarding passenger, with a maximum of \$4.50 per flight segment, capped at \$9 one-way or a total of \$18 per round trip flight. PFCs may be used to fund a broad range of airport infrastructure projects, including landside projects that are ineligible for AIP funding, such as passenger terminals and on-airport rail systems.

The decrease in air travel as a consequence of the COVID-19 pandemic has had considerable effects on the amount of funds available for civil aviation infrastructure and activities. For example, [FAA reported](#) that airports had collected a total of \$1.69 billion from PFCs in 2020, 46% of the amount collected in the last pre-pandemic year, 2019.

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In the 20 months prior to enactment of the IIJA, Congress addressed the financial impact of the pandemic in three separate laws that appropriated a total of \$20 billion from the general fund to [eligible U.S. airports](#) as COVID relief measures. These included

- the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136, enacted on March 27, 2020), which provided \$10 billion as economic relief to eligible airports affected by the COVID-19 pandemic;
- the Consolidated Appropriations Act, 2021 (P.L. 116-260, enacted on December 27, 2020), which provided \$2 billion in economic relief to eligible U.S. airports, including \$200 million to operators of eligible airport concessions, such as on-airport parking and car rental as well as in-terminal concessions; and
- the American Rescue Plan Act of 2021 (P.L. 117-2, enacted on March 11, 2021), which provided \$8 billion for eligible airports to cover costs of operations, personnel, and cleaning, including a set-aside for rent relief and other costs of airport concessionaires.

On December 16, 2021, FAA announced [an initial \\$2.89 billion for FY2022](#), the first tranche of the \$15 billion of airport infrastructure grants to be allocated to over 3,000 eligible airports under the IIJA. This money supplements regular [Airport Improvement Program \(AIP\)](#) grants, which are currently authorized at \$3.35 billion a year, and thus represents a significant boost in federal funding to airports. FAA is expected to release more detailed guidelines for the use of these funds in the near future.

Further, FAA is [accepting airport applications](#) from February 22, 2022, to March 28, 2022, for the first annual \$1 billion in competitive grants for airport terminal development projects under the IIJA. These grants are available to eligible airports to upgrade, modernize, and rebuild airport terminals and airport-owned air traffic control towers. Projects may also include on-airport rail access and multimodal development, neither of which is eligible for federal funding under regular AIP.

AIP funding is generally limited to construction of airside improvements related to aircraft operations, such as runways, taxiways, aprons, safety-related projects, and noise abatement. Landside projects such as airport terminals have generally been funded with airports' own sources, such as PFCs, bond issues, and operating revenues. The IIJA airport infrastructure funds, however, can be used for any airport-related project as defined under the existing AIP and PFC criteria. This means the money can be invested in runways, taxiways, and safety and sustainability projects, as well as landside projects such as terminals and airport transit connection projects.

Because of the complementary relationship between AIP grants and PFC funds, PFC provisions are generally included in the sections of FAA reauthorization legislation dealing with AIP. The current FAA reauthorization is set to expire after September 30, 2023. Some airport interests have been urging Congress to increase or eliminate the ceiling on PFCs, which has remained unchanged since 2000. Airlines, on the other hand, generally oppose higher limits on PFCs, which are included in air ticket prices and collected by the airlines on behalf of airports; they assert that higher PFCs would increase ticket prices and constrain air travel demand. The availability of IIJA funds for a wider range of airport projects may ease the immediate pressure on Congress to alter the law concerning PFCs.

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