Alaska AIRLINES

ALASKA AIRLINES OPPOSITION TO HB 2153

HB 2153 (2025) proposes to increase Oregon's commercial aviation fuel taxes by more than 100%, doubling the tax rate from 3 to 6 cents-per-gallon and introducing a unique biennial rate adjustment according to any increase in the Consumer Price Index. The resulting revenue would be used predominantly to support general aviation airports not utilized by commercial airlines or their passengers.

INCREASED COSTS INHIBIT ALASKA'S ABILITY TO MAINTAIN AND GROW SERVICE IN OREGON

Pacific Northwest-based Alaska Airlines operates in a highly competitive business environment against much larger carriers. The top four U.S. airlines account for more than 80% of the total market share for domestic travel, while Alaska and its subsidiaries, Horizon Air and Hawaiian Airlines, account for only 8%. Fuel expenses represent a large percentage of any airline's total operating costs, and Alaska pays a significant premium for fuel purchased in West Coast hub states like Oregon where demand significantly outpaces fuel production and pipeline access is limited.

Increasing the tax on jet fuel purchased in Oregon will exacerbate this problem, further disadvantaging Alaska against much larger carriers and reducing Oregon's ability to attract, maintain or grow commercial air service. **The proposed 3 cent-per-gallon increase, with future increases tied to CPI, would more than double Alaska's annual jet fuel tax liability to approximately $4.8 million.** These are funds Alaska is unable to invest into its employees, business, or the communities we serve in Oregon and will instead go to fund projects at airports that our customers and airline will likely never use.

OUR AIRLINES PAY HIGHER TAXES AND FEES ON A PER-PASSENGER BASIS IN OREGON

In addition to jet fuel tax, Alaska Airlines and Horizon Air pay property tax related to airport activities, along with airport landing fees and airport rents to use the facilities. Comparing Oregon's jet fuel taxes to other states alone does not reflect the full tax and fee impact of operating an airline in Oregon. For example, Alaska and Horizon's fully-loaded per departing passenger tax and fee liability in Oregon is about 170 percent higher than neighboring Washington state.[1]

Total tax and fee cost to Alaska and Horizon per departing passenger:

- WA: $14.94
- OR: $25.46

ALASKA AIRLINES IS COMMITTED TO OREGON

Alaska Airlines has a long history of increasing investment in Oregon. Based in the Pacific Northwest along with subsidiary regional carrier Horizon Air, Alaska employs nearly 2,900 people in

[1] The tax and fee amount per departing passenger includes the total cost in 2024 for *property tax, fuel tax, airport landing fees, and airport rents* divided by the total departing passengers.

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Oregon and operates flight attendant and maintenance bases in both Portland and Medford.[2] Portland is Alaska's second largest hub airport, with more than 100 average daily departures currently serving 58 nonstop destinations and plans to increase service by approximately 20% in 2025.

Outside of Portland, Alaska and Horizon provide important connectivity for communities across Oregon, serving Medford, Redmond and Eugene airports with multiple current and planned non-stop daily flights to Alaska Airlines hubs in Portland, Seattle, San Francisco, San Diego and Los Angeles. From these hubs, guests can connect onto more than 1,200 destinations around the world with Alaska, Hawaiian Airlines, or one of our 30+ **one**World and Global Partner airlines.

- Medford – 11 daily flights (PDX, SEA, LAX, SAN)
- Redmond – 13 daily flights (PDX, SEA, LAX, SFO, SAN)
- Eugene – 10 daily flights (PDX, SEA, LAX, SAN)

In 2024, Alaska Airlines invested over $1.4 million in cash and in-kind contributions to community organizations across Oregon – including organizations like Make-A-Wish Oregon, Oregon Museum of Science and Industry (OMSI), Oregon Zoo Foundation, Honor Flight Oregon, Oregon Ballet Theatre, Travel Portland etc. Additional costs from jet fuel taxes decrease our ability to invest in our people and in the local communities we serve.

CONCLUSION

Alaska Airline and Horizon Air have proudly served the state of Oregon for more than 40 years, providing important connections for business and leisure travelers both within the state and on to other destinations around the world. Maintaining low costs is essential to Alaska's ability to compete with much larger airlines and offer great service at competitive prices. We're proud of the investments we've made in Oregon over the years through the active community engagement of our company and employees and the significant investments we make in capital improvements at the airports we serve.

Additional costs from taxes on jet fuel will increase Alaska's competitive disadvantage against larger carriers who operate hubs outside of Oregon. Furthermore, they will inhibit Alaska's ability to invest in our business, people and the communities we serve, and factor heavily in our decisions to maintain and grow service across our network. Oregon can support the future of commercial air service in the state by providing a low-cost environment that allows us to compete and provide our customers with the best product at the best price.

For more information, please contact Alethia Miller, State and Local Government Affairs Manager: 503-808-0316 or Alethia.miller2@alaskaair.com

[2] Alaska has 2869 employees in Oregon, of which over 1800 are flight crew across Portland, Medford, Eugene, and Redmond airports.