

There is a serious question whether trust fund money should be made available for terminal area development, because of Congress' previous action in making terminal area development ineligible under the Federal Airport Act. The proportion of funds needed for this type of development is so huge in relation to runway development needs at air carrier airports that terminal areas may require Federal assistance also. This is one of the main issues the committee will want to consider at its hearings.

Direct or guaranteed loans for airport development are an alternative means of Federal assistance. A loan program might be incorporated into the trust fund concept for terminal area development. A portion of the trust fund could be set aside to establish a revolving fund out of which loans could be made to State and local governments for terminal area development. The revolving fund could be replenished each year out of revenues derived from the user fees. Although the committee is aware that a loan program of any sort presents difficulties for the airport authorities, particularly the types of loans that have been proposed recently, the subcommittee will want to explore this in much greater depth. Federal loan programs have worked successfully in many other fields and the subcommittee is not at all convinced that some form of loan program cannot be devised which would be of substantial benefit to local airport authorities.

One of the difficulties confronting the subcommittee in determining what the appropriate Federal share should be and the type of Federal assistance that should be rendered is the extreme dearth of information concerning the financial condition of the Nation's airports. Federal assistance should be limited to that amount which is in excess of the financial resources of these airports. But the committee was presented with no information from which it could determine the financial condition of the Nation's airports, especially the 22 major hub airports. These airports have a substantial revenue generating capability because of the tremendous traffic that will occur. Also, many of these airports can derive additional funds out of general obligation bonds. The medium hub airports and the small hub airports are in a different category with respect to revenue generating capacity, because the airline traffic at these points may not be adequate to pay the substantial debt service on revenue bonds. The extent to which money could be raised through general obligation bonds is probably also limited. But the subcommittee has no means of determining what the financial capacity of the airports is. No intelligent determination of the appropriate Federal share can be made without this information.

There is another factor which must be given great weight in deciding the amount and nature of Federal assistance. That is the sudden surge of capital required over the next 8 to 10 years for airport development. There is some doubt that this quantity of money will be available on the private bond market if all airports seek to raise it at the same time. This could present problems for the airports in the major metropolitan areas, even though their revenue generating capability is sufficient to pay off revenue bonds over a long period of time. The subcommittee will explore this factor in much greater detail. The subcommittee expects to receive testimony from witnesses familiar with the private bond market to help determine the amount of private bond money that will be available and the airports that might have