



Press Release

DIA Violates State Law with \$10.7 Million Subsidy to  
Airlines

Gallagher Identifies Problem With Fuel Tax Rebate

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For More Information  
Denis Berckefeldt  
720.913.5002  
720.289.3723

(Denver) Denver Auditor Dennis Gallagher today released an audit highly critical of Denver International Airport's use of State Fuel Tax rebate dollars. The audit identified \$10.7 Million in Fuel Tax rebate dollars that were used as a subsidy to some airlines, in violation of the state statute that governs such funds.

The audit notes that DIA inappropriately allocated an Aviation Fuel Tax Reimbursement from the State of Colorado in 2008 totaling \$10.7 Million. Colorado Law specifies that these funds can only be used for aviation purposes – those purposes are specifically spelled out in the statute and cannot be used for airline subsidies. The audit called for DIA to collect the money back from the airlines. Also in addition to violating state law, the allocation deprived DIA of valuable funds during a time when the city is experiencing severe economic distress.

“At a time when DIA is in need of funds to do ongoing maintenance or make necessary improvements to the airport we cannot afford to simply give this money away. DIA has sought federal Stimulus funds to address needed airport issues, this rebate money could have been added to that to help or to use for other necessary purposes,” Gallagher said.

DIA disagreed that the allocation violated state law, but could not provide any rationale or justification to support that disagreement. Gallagher in his transmittal letter

accompanying the audit stated that while current airport management was not in charge when the allocation was made, he was disappointed that the current management chose to parse words rather than acknowledging the accuracy of the findings in the audit.

“I am very disappointed in your response to our findings and recommendations,” Gallagher said in his letter. “Rather than acknowledging the impropriety and illegality of the disbursements and addressing the issue of collection of money owed, your response provides no basis for disagreeing with our findings.”

He called the response ‘smoke and mirrors’ to avoid dealing with what must be done – to collect the money back from the airlines.

“The average citizen is tired of seeing what they believe to be a double standard. Wall Street gets bailed out but homeowners in foreclosure are losing their jobs and their homes; the auto industry gets bailed out, and now they see big airlines getting bailed out with subsidies,” Gallagher said. “Citizens don’t like it, and neither do I.”

The largest airline recipient was United, with nearly \$5.3 Million. Frontier received \$2.1 Million.

The audit is available on the Auditor’s Website: [www.denvergov.org/auditor](http://www.denvergov.org/auditor), or access the specific audit at [2009 Audit--Air Cargo Fee 12-17-09.pdf](#)