



Background

Since September 2007, the United States Congress has passed sixteen short-term extensions of legislation to reauthorize the Federal Aviation Administration (FAA). Over the past two years, the U.S. House of Representatives has passed two bills out of its chamber to reauthorize the FAA, while the U.S. Senate completed one bill last year. Conference negotiations were not completed to allow a final bill to be approved and passed by both chambers before the end of the 111th Congress.

Issue

As Congress begins the 112th legislative session and with a new chairman heading the U.S. House of Representatives Committee on Transportation and Infrastructure, NATA is hopeful that passing a long-term authorization bill for the FAA will remain a top priority.

NATA will continue to work on the following provisions:

- Foreign Repair Station Language. NATA is concerned with the requirement to increase inspections on foreign repair stations. The potential job loss to U.S. repair stations is high if the European Union retaliates against the trade agreement with the U.S.
- No User Fees. Commercial airline travel is the reason why the cost of air traffic control services continues to increase. General and business aviation are incremental users of the national airspace system. Increasing the costs for non-scheduled operators will result in operators flying less frequently. **NATA supports a reasonable increase in the fuel tax to help alleviate the burden on the Airport and Airways Trust Fund and is opposed to any new funding proposals for general aviation.**
- Repeal of the Fuel Fraud Provision. The 2005 Highway Bill contained a provision altering the collection method of fuel taxes for business and general aviation fuel providers, which has had a significant financial impact on the aviation industry and constitutes a *de facto* tax increase. While the tax on aviation jet fuel remained at 21.9 cents per gallon (CPG), the Highway Bill mandated that all taxes on aviation jet fuel be collected at the same tax rate as that for highway diesel fuel, 24.4 CPG. When aviation fuel is purchased, the 24.4 CPG tax is deposited into the Highway Trust Fund. Only when a fuel provider applies to the IRS for the 2.5 CPG refund does the remaining 21.9 CPG transfer from the Highway Trust Fund into the Airport and Airway Trust Fund. In many cases, operators or fuel providers do not apply for a refund; therefore, the aviation trust fund receives no revenue from the sale of the aviation jet fuel. This policy has increased Highway Trust Fund revenues by hundreds of millions of dollars at the expense of the Airport and Airway Trust Fund. NATA supports measures by the U.S. Senate Committee on Finance to repeal this onerous provision.
- Termination of Exemption for Small Aircraft on Non-established Lines. Last year's Senate bill contained a provision (Section 806) that would place a significant financial burden on small

businesses providing aircraft charter services. Currently, commercial air carrier operations in aircraft weighing fewer than 6,000 pounds, and that are not operated on an established line, are exempt from the commercial federal excise tax (FET). Instead, these operators pay the noncommercial aviation fuel tax. Section 806 would eliminate that exemption and replace it with a far narrower exemption solely for those conducting sightseeing flights in small aircraft.

- *Airports Providing Aviation Services.* NATA recommends that the Congress closely monitor government-run entities that attempt to compete with private industry at our nation's airports. Aviation businesses such as fixed base operators are better equipped to provide aviation services at an airport, and the government must recognize that airport management should focus on fostering a competitive environment that will benefit air travel passengers.
- *Accelerating Implementation of Next Generation Air Transportation System (NextGen).* Funding provided for NextGen in the FAA reauthorization bill will help ensure that critical upgrades are made to existing facilities and equipment and enable implementation of new technologies that will better define routes within the national airspace system, allowing more aircraft to travel within the airspace. This technology will minimize the impact on the environment due to aircraft flying more direct routes, improving fuel efficiency and reducing carbon dioxide emissions.
- *NextGen Equipment Incentives.* As Congress works to devise incentives for equipping aircraft with NextGen technology, NATA will work to ensure that general aviation aircraft are included.

The strength of our national airspace system and its ability to meet future demands is dependent upon the federal government's success in meeting its obligations in providing adequate infrastructure. A critical step in meeting those obligations is for the Congress to pass a comprehensive, long-term reauthorization bill that will help provide the resources necessary to enable our country to meet the current and growing demands being placed on the aviation system.