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November 16, 2015

The Honorable Bill Shuster
Chairman
Committee on Transportation & Infrastructure
2251 Rayburn House Office Building
Washington, DC 20515

The Honorable James Inhofe
Chairman
Environment & Public Works Committee
410 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Peter DeFazio
Ranking Member
Committee on Transportation & Infrastructure
2164 Rayburn House Office Building
Washington, DC 20515

The Honorable Barbara Boxer
Ranking Member
Environment & Public Works Committee
456 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Shuster, Chairman Inhofe, Ranking Member DeFazio and Ranking Member Boxer:

As the Conference Committee develops the final version of H.R.22, the Surface Transportation Reauthorization and Reform Act of 2015, the National Air Transportation Association (NATA) respectfully requests inclusion of Section 42002 of Title XLII of the House engrossed bill, pertaining to a GAO study of payments made to vendors of kerosene used in noncommercial aviation.

NATA is the public policy group representing the interests of aviation businesses before Congress, federal agencies and state and local governments. NATA's nearly 2,300 member companies are a vital prerequisite for a vibrant general aviation sector providing fuel, aircraft maintenance, parts sales, storage, rental, airline servicing, flight training, Part 135 on-demand air charter, and fractional aircraft program management.

The House provision, added by Representative Pompeo of Kansas, directs the Government Accountability Office (GAO) to conduct a study on how much non-commercial jet fuel tax revenue, paid for by business and general aviation, is diverted to the Highway Trust Fund as a result of a 2005 highway bill provision related to so-called "fuel fraud." The change was based on a suspicion of fraud due to a slightly lower aviation fuel tax rate compared to the highway tax and a belief that jet fuel could be used in diesel trucks. NATA supports the Pompeo provision. The proposed study is important to understanding the full impact of this provision on revenues deposited into the Airport and Airway Trust Fund.

Since 2005, the tax rate applied to all jet fuel sales, except that used by the scheduled airlines, is at the highway fuel tax rate of 24.4 cents per gallon. All collected funds are deposited into the Highway Trust Fund instead of the Airport and Airway Trust Fund (AATF) though a refund mechanism and subsequent transfer to the aviation fund is available.

However, the IRS provides no avenue for a noncommercial general aviation end-user to apply for the refund. A fuel vendor may apply for refunds, but only after completing an arduous IRS registration process and then managing the substantial administrative burden to maintain records for the IRS. There

is no requirement for fuel vendors to register with the IRS; it is purely voluntary and most fuel vendors are not participating due to the additional workload. Thus the AATF receives no revenue from the majority of non-airline jet fuel sales because noncommercial end users are not permitted to apply for the refund themselves.

NATA hopes that as GAO reviews the questions it will also examine the underlying 2005 law and whether, for example, the enormous cost disparity between jet and diesel fuel makes this provision in any way necessary. It would also be worth examining whether fuel additives and diesel engine design changes since 2005 also render the provision nothing more than a bureaucratic roadblock draining the Airport and Airway Trust Fund of revenues needed for airport improvements and the deployment of a modernized air traffic control system.

We appreciate your consideration of our request.

Sincerely,



Thomas L. Hendricks
President and CEO
National Air Transportation Association