



June 22, 2016

The Honorable Stephen M. Sweeney
President
New Jersey State Senate
State House
P.O. Box 099
Trenton, NJ 08625-0099

The Honorable Thomas H. Kean Jr.
Republican Leader
New Jersey State Senate
State House
P.O. Box 099
Trenton, NJ 08625-0099

Dear Senators Sweeney and Kean:

The National Air Transportation Association (NATA), on behalf of its 39 member companies operating in New Jersey, urges the state legislature to reject proposals (A11/S2411) to increase the state's aviation gasoline and jet fuel tax rates. These proposed increases will likely not have the intended effect of raising revenue but rather reduce investment and good paying jobs in New Jersey.

NATA represents a broad array of aviation service businesses essential to a vibrant general aviation sector. Our member companies provide fuel, on-demand air charter, aircraft rental, storage, flight training, aircraft maintenance, parts sales, line support as well as business aircraft and fractional ownership fleet management. NATA members in New Jersey range in size from large companies with international presence to smaller, single-location operators that depend exclusively on general aviation for their livelihood.

While much attention has been paid to the impact of the proposed tax increases on airline operations, in fact, general aviation is also an important part of the New Jersey economy. A 2015 report prepared by PricewaterhouseCoopers LLP concluded that general aviation is responsible for 16,200 jobs in New Jersey with a contribution to state GDP of \$1.78 billion.¹

Underlying these proposed tax increases is a lack of understanding of common aviation business practices, a distinguishing feature of many proposals developed without stakeholder consultation. The legislation fails to recognize the unique nature of aviation, which allows stakeholders to simply fly to the state that affords the best value. In fact, these proposals are outside of what NATA sees nationally, where states are adopting tax statutes to make their aviation businesses more, not less, competitive with those in adjoining states. For example, in

¹ *Contribution of General Aviation to the US Economy in 2013*, PricewaterhouseCoopers LLP, page 35

April 2015, the New York state legislature approved a sales and use tax exemption effective September 1, 2015, on the sale of general aviation aircraft and for machinery or equipment to be installed on general aviation aircraft. The New York legislature acted after it was convinced that its tax rates were putting its aviation businesses at a competitive disadvantage. New Jersey aviation businesses are concerned about the impact in that change in New York law.

Finally, as you are aware, revenues derived from state aviation fuel taxes may only be used for aeronautical purposes. In 2014, the Federal Aviation Administration reaffirmed this long-standing policy noting that state taxes on aviation fuel "are subject to use either for a state aviation program or for airport-related purposes."²

We appreciate your consideration of our views and welcome the opportunity to further discuss the issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas L. Hendricks", written in a cursive style.

Thomas L. Hendricks

President and CEO

National Air Transportation Association

² 79 FR 66282



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June 22, 2016

The Honorable Vincent Prieto
Speaker
New Jersey General Assembly
State House
P.O. Box 098
Trenton, NJ 08625-0098

The Honorable Jon M. Bramnick
Republican Leader
New Jersey General Assembly
State House
P.O. Box 098
Trenton, NJ 08625-0098

Dear Speaker Prieto and Assemblyman Bramnick:

The National Air Transportation Association (NATA), on behalf of its 39 member companies operating in New Jersey, urges the state legislature to reject proposals (A11/S2411) to increase the state's aviation gasoline and jet fuel tax rates. These proposed increases will likely not have the intended effect of raising revenue but rather reduce investment and good paying jobs in New Jersey.

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Thomas L. Hendricks
President and CEO
National Air Transportation Association

⁴ 79 FR 66282