

**NATA Podcast**  
**Aviation Business Outlook on Capitol Hill**  
**January 26, 2018**

[Transcript]

**Rebecca:** This is Rebecca Mulholland, Director of Legislative Affairs here at NATA and I am joined today by Bill Deere, who heads up all NATA's government affairs activities to discuss the what's going on up on Capitol Hill and how it potentially impacts aviation businesses.

Bill, let's start by discussing the year-end tax bill and the recent government shut-down.

**Bill:** Thanks Rebecca. So, a Congress that was on track to be one of the least productive in history surprised everyone and pulled itself out of its year-long nose dive and approved *The Tax Cuts and Jobs Act*, over 1,100 pages of bill text and legislative history making massive changes to the tax code.

While it will take some time to know how the balance of its changes impact our industry, let alone whether it will help an economy that was already moving forward on its own, it does contain two provisions sought by NATA and its members:

**Impact of *The Tax Cuts and Jobs Act* on Aviation Businesses**

First, a provision long sought by NATA that clarifies that aircraft management services are not subject to the 7.5 percent commercial ticket tax.

The provision was necessitated by a 2012 IRS Chief Counsel opinion that left aircraft management service companies vulnerable to back taxes and penalties.

To take you behind the scenes for a second, NATA worked especially hard as the tax bill came together to combat the assertion that our language was a giveaway to wealthy jet owners.

A key moment was our discussion with the Washington Post, which resulted in this influential newspaper concluding "the accusation was nothing more than an attempt to demagogue the issue as a reason to defeat the overall bill." While not

as exciting as the issues in the hit movie “The Post,” that was the moment we won the debate.

The other tax provision is related to immediate expensing. While NATA has long-supported full and immediate expensing as a cornerstone of tax reform, the Senate version of the bill limited expensing to new equipment, potentially undermining the stability of the used aircraft market.

I am pleased to report the final bill also makes immediate expensing available to both new and used equipment, important because the tax bill repeals Like-Kind Exchanges.

One cautionary note, this particular provision sunsets in five years in order to meet the spending constraints of the overall bill. So, it won’t be too long before we have to revisit this provision to make it permanent.

### [Impact of government shutdowns on aviation businesses](#)

Switching gears, the government shut-down caught everyone, including those involved, somewhat by surprise. It lasted exactly one business day, but it is a reminder to all aviation businesses of what to expect in a shutdown.

Though ATC functions continue, the FAA is only supposed to do safety related functions, so no check rides, because using shutdown “logic,” a pilot is grounded so there is no safety impact. The FAA aircraft registry is also closed, so no moving aircraft between owners or adding aircraft to a certificate. During the recent shutdown, NATA joined with other major GA associations in a [letter](#) to Transportation Secretary Chao, requesting the registry be kept open.

Finally, no new approvals, for example a new approval to fly across the Atlantic won’t happen. Any change to an Ops approval would be on hold.

**Rebecca:** What are the prospect of another shutdown on February 9<sup>th</sup>?

**Bill:** In the interests of full disclosure, I couldn’t believe they shut the government down in the first place.

But after the blowback last weekend from trying to tie a government shutdown to immigration reform legislation, I am optimistic we won’t have another shutdown in the near future.

## **FAA authorization**

**Rebecca:** So what else can aviation business expect going forward from policymakers on Capitol Hill?

**Bill:** The FAA's current authorization expires on March 31<sup>st</sup>. Already we are hearing from key lawmakers that there may not be time to pass a full FAA authorization before that deadline. In other words, folks, we're looking at another short-term extension.

## **Status of ATC privatization proposal**

But Rebecca, I want to turn the tables on you here and ask you to discuss where we are with the House proposal to privatize our nation's air traffic control system as well as something largely unnoticed but also very important to aviation businesses, the hundreds of amendments already filed for consideration during debate on the FAA bill.

**Rebecca:** Certainly, as you noted, the hold-up in approving a multi-year FAA authorization is the House version's proposal to privatize air traffic control.

Recall that thanks to the hard work and collaboration of NATA and 150 other general aviation groups from across the country, the chief proponent of privatization, House Transportation Committee Chairman Bill Shuster (R-PA), was unable to convince the House Republican leadership to bring the bill to the House floor for a vote before the end of 2017.

Bill, already there have been developments that may alter the 2018 debate on ATC privatization.

At the beginning of the year, Chairman Shuster announced that he will not seek reelection, which coincides with the mandated conclusion of his chairmanship of the House Transportation Committee. In his retirement announcement, Shuster stated that his top priority would be passage of a comprehensive infrastructure investment package, fueling speculation he will consider moving an FAA reauthorization bill that [does not](#) include his ATC privatization proposal.

NATA will continue to closely monitor the situation and be on guard for possible maneuvers by Shuster to attach ATC privatization to other legislation.

## **Beyond privatization, amendments to FAA bill also important to aviation businesses**

But as you noted, there are other issues in an FAA reauthorization bill, beyond ATC privatization, that also impact the aviation business community.

So, when the House bill comes to the floor we will also be working on other proposals impacting aviation businesses. For example, an amendment to eliminate the barrier between private and commercial pilots and flights, an existing provision in the bill related to air ambulances, and still another amendment related to aircraft registration.

On the podcast homepage, you will find a link that will take you to the complete list of amendments already filed to the House FAA bill, so you can see the range of aviation issues lawmakers may potentially consider.

So, one last point. To tie back in to your earlier discussion of the impact of the government shutdown on aviation business, there is actually a provision in the FAA reauthorization bill that would mandate the FAA registry stay open even during a government shutdown. As NATA President Marty Hiller noted, “At the moment, this common-sense provision is one of many good ideas held hostage by the airline industry’s campaign to privatize air traffic control.”

**Bill:** Thanks Rebecca. We’ll end there today. And always, don’t hesitate to contact either Rebecca or myself with any questions or comments.