

General Aviation Industry Guidebook



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The National Air Transportation Association (NATA)

Empowering our members to be safe and successful aviation businesses is NATA's mission.

General aviation aircraft are important tools that fulfill many roles for companies around the nation. Supporting those aircraft is a diverse industry of businesses that are themselves major contributors to the economies of the airports and communities they serve. But this is a challenging era in aviation business. Our industry, as we know it today, is under threat: rising pressures from community stakeholders that have shuttered local airports, vocal demands from user groups for free access to already limited airport infrastructure, and a pervasive "black market" for illegal air charter are all challenges that require a proactive approach to policymaking in order to ensure our continued success.

NATA has spent years fostering an operational culture based on proven safety and security methods to establish the industry standard. NATA's advocacy efforts are member-driven, and the structure of the Association is reflected by our technical committees, which are comprised of our core memberships' lines of business (e.g. aircraft ground services, air charter, aircraft maintenance). This ensures we remain a progressive and proactive association able to respond to a changing industry.

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About NATA

Founded in 1940, the National Air Transportation Association (NATA) is the national trade association that represents the interests of the general aviation business community before Congress and federal, state, and local government agencies. NATA represents nearly 2,300 aviation businesses.

NATA's member companies provide a broad range of services to general aviation, the airlines, and the military. They also directly serve the traveling public by providing fuel, on-demand air charter, aircraft rental, storage, and flight training. Other services include aircraft maintenance, parts sales, and line support, as well as business aircraft or fractional ownership fleet management.

NATA has always been the advocate for smaller, single-location operators that depend exclusively on general aviation for their livelihood. In fact, most of the Association's members have fewer than 40 employees and are designated as small businesses.

NATA membership offers a number of ancillary benefits including the industry-standard Safety 1st line service training program, loss-of-license insurance, regulatory support, and annual conferences. Through the Association's partnership with NATA Compliance Services, the industry has access to special services, including drug testing, background screening, and fingerprinting for employees of aviation-related businesses in accordance with all current FAA and TSA regulations.



General Aviation Statistics

In 2018, the general aviation industry contributed more than \$247 billion in economic output and supported 1.2 million jobs in the U.S.*

General aviation is a critical lifeline for thousands of communities. In comparison to the 563 airports that serviced commercial air transportation in the U.S. in 2019, there are over 19,000 landing facilities that serviced general aviation aircraft, including airports, heliports, seaplane bases, and other facilities.*

General aviation and local airports serve as vital lifelines for communities across the country, aiding in business and job growth, as well as supporting law enforcement, medical care, disaster relief, fire fighting, and nearly every aspect of public safety.

*These statistics come from the *Contribution of General Aviation to the US Economy in 2018* report, prepared for the general aviation industry by PricewaterhouseCoopers LLP.





Fixed Base Operators

Fixed base operators (FBOs) are the primary service providers to general aviation aircraft operators. The FBO industry in the U.S. today comprises nearly 3,000 locations at airports around the country.

An FBO is defined as a business operating under a lease with an airport-owning authority that dispenses aviation fuel. In addition, FBOs provide other support services: line service, which may include tie-down and hangar services; technical services, such as airframe and engine maintenance; aircraft rentals, charters, aircraft management and/or aircraft sales; or flight instruction.

Fuel and maintenance are considered the top two services provided by U.S. FBOs. At some airports, FBOs have fueling contracts with commercial passenger and cargo carriers or with a government entity, such as a National Guard unit. Additionally, at certain locations, FBOs also perform line maintenance, cabin cleaning, and baggage handling for commercial airline customers.

FBOs may be classified as – single location, regional chain, or national chain. A chain is defined as an FBO company with three or more operations. To be considered a national chain in the U.S., an FBO must have facilities in at least two distinct regions of the country. A regional chain's activities are concentrated in one specific geographical area, such as the Midwest, East Coast or Southwest.

Part 135 On-Demand Air Charter

One of the most important contributions of general aviation is providing on-demand (or as needed) transportation for freight and passengers – especially to airports that have no scheduled commercial air carrier service.

In the U.S., most operators using general aviation aircraft in a for-hire passenger and/or cargo service are certificated to operate under Part 135 of the Federal Aviation Regulations (FAR). Aircraft used in on-demand air charter operations are limited to no more than 30 passenger seats and a 7,500 pound payload.

In addition to meeting the travel needs of business and leisure customers, Part 135 air charter businesses conduct numerous other types of operations, including cargo and medical flights.





Maintenance/Repair Stations

The term "repair station" refers to a maintenance facility that has a certificate issued by the Federal Aviation Administration (FAA) under Title 14 of the Code of Federal Regulations (14 CFR) Part 145 and is engaged in the maintenance, preventive maintenance, inspection, and alteration of aircraft and aircraft products. Another more general term used throughout the industry is MRO, referring to repair stations as maintenance, repair, and overhaul facilities.

The FAA issues certificates to facilities located both inside and outside the United States. The total number of domestic and foreign repair stations has grown tremendously to meet the globalization of air travel and maintenance demands. At last count, there were approximately 5,000 Part 145 repair stations in the U.S.



Fractional Ownership Companies

For those who do not need the use of an airplane full time, fractional ownership plans offer all of the benefits of private aviation, including on-demand transportation, consistently high service levels, and an excellent safety record. The typical candidates for fractional plan participation are businesses that do not have their own flight departments, private individuals, and corporate flight departments that need additional capacity but cannot justify the cost of acquiring another aircraft. Historically, fractional fleets are predominantly comprised of light- to mid-size jets.

As the term fractional implies, participants are brought together to buy into a specific airplane, with each holding a fractional share entitling them to usage of an airplane on a predetermined hourly basis, normally over a 12-month period. Usually, the fractional unit available for purchase is one-half, one-quarter, one-eighth, or one-sixteenth.

The higher the fraction or portion of the aircraft purchased, the greater the number of hours that the shareholder can fly over the term of the contract, which is normally five years. At the conclusion of the period, the owner can either extend his contract or sell his shares back to the fractional plan provider.

Fractional plan participants can hold shares in more than one airplane at any given time. The day-to-day operational management of an aircraft involved in a fractional plan is carried out by the plan's operator who is responsible for the acquisition and management of the aircraft on behalf of the shareholders. This operator also provides flight crews and takes charge of maintenance and scheduling.

All of this is paid for by the owners through management fees and other ancillary charges, such as hourly usage fees, which are separate from the cost of the shares. Since the cost of the fractional shares is directly tied to the procurement price of the aircraft, shares in a mid-sized jet will cost more than those for a light jet or twin turboprop.

Air Cargo

The growth of the large, integrated global freight carriers, such as FedEx, UPS, and DHL, has brought about a segment of the on-demand character market in which these aircraft are used primarily as cargo haulers, feeding hubs, and other large transshipment points for these companies.

Aeromedical Services

Approximately 250 organizations in the U.S. are currently engaged in the transport of seriously ill or injured people to hospitals for emergency care. Air medical transport saves lives by bringing more medical capabilities to the patient than are normally provided by ground emergency medical services, along with faster transit times to the appropriate specialty care location.

Air medical service providers usually operate from an average of 1 to 2 bases, and operate a fleet of 3 to 5 aircraft, although there are providers with as few as 1 to as many as 30 aircraft. The helicopter is the dominant fleet type, with approximately 900 aircraft in dedicated air medical services, transporting over 400,000 patients per year. It is estimated that, separately, on-demand charter operators fly an additional 100,000-110,000 patients per year on fixed-wing aircraft.





Flight Training

In the U.S., flight training is provided under three different sets of regulations; 14 CFR Part 61, 141, and 142.

Part 61 training is often provided by individual, for-hire flight instructors, as well as some flight schools. The curriculum is flexible and can be tailored to a student's specific needs, such as the amount of time he or she can devote to training.

In contrast, the operation of a certificated Part 141/142 training program mandates that the flight school use a detailed FAA-approved course outline, and the students must meet specific performance standards. In order to maintain certification, the FAA periodically audits Part 141/142 schools.

The Part 141/142 programs cater more to the full-time flight student who desires a structured training regimen. Students enrolled in a Part 142 program have the advantage of using simulators or other complex training equipment typically offered by large, multi-location companies that serve the corporate and commercial aircraft pilot. Across the country, a number of accredited universities and colleges integrate a 141/142 training curriculum into the academic requirements for a degree in aviation science, educating the next generation of well-rounded aircraft captains.

Airports

A major advantage of a general aviation aircraft is its ability to fly to thousands of smaller airports across the country. By contrast, scheduled air carriers fly only to those places where the economics of operation justify service. General aviation airports are vital economic engines, serving as arrival and departure points for economic developers, components for local manufacturing, and access to critical medical care.

Aircraft Brokers, Dealers, and Distributors

General aviation aircraft are marketed for sale primarily through dealers and brokers. While dealers purchase aircraft for resale, brokers simply bring a buyer and seller together and generally do not take possession of the airplane in the process. Often, both dealers and brokers will specialize in certain aircraft types, such as light jets or turboprops. Since they deal in used aircraft, brokers and dealers are usually the most affordable opportunity for aircraft ownership, especially for first-time buyers.

The sale of new aircraft is handled by independent distributors, although in the U.S., all new jet sales are factory direct. Outside the U.S., distributors play an active role in the new jet market.





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