



## Background

Legislation to reauthorize the Federal Aviation Administration (FAA) is considered in Congress every four or five years, and includes both funding and contract authority for the FAA. Without a reauthorization bill approved by Congress, the FAA is unable to issue grants for airport improvement projects and other capacity expansion initiatives. Additionally, the FAA reauthorization bill serves as comprehensive legislation for all aviation-related issues pending in Congress, which means a large number of aviation issues are up for consideration in one piece of legislation. Previous reauthorization legislation passed by Congress expired on September 30, 2007, and has been extended numerous times.

On February 9, 2009, the U.S. House of Representatives Committee on Transportation and Infrastructure introduced H.R. 915, the FAA Reauthorization Act of 2009 to reauthorize the FAA and other aviation programs through fiscal year (FY) 2012.

## Issue

The bill includes increased funding levels for the Equipment Account and research and development and does not include a user fee proposal.

**NATA would like to see the following provisions included in the Senate bill.**

**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 system. Increasing the costs for non-scheduled operators will result in operators flying less frequently.

**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. When aviation fuel is purchased it is now taxed at 24.4 CPG (as opposed to the original 21.9 CPG), which is then deposited into the Highway Trust Fund. Only when the 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, due to confusion or administrative overhead, an operator or fuel provider does not apply for a refund; therefore,

## TALKING POINTS

- ❖ General aviation pays into the Airport and Airway Trust Fund via fuel tax on jet fuel and AV gas. An increase from 21.9-cents per gallon to 24 cents is a fair compromise instead of a user fee.
- ❖ Include language repealing the fuel fraud provision included in the 2005 Highway Bill to ensure aviation fuel taxes are not going into the Highway Trust Fund.
- ❖ It is imperative that Congress pass a long-term bill. Anything less than two years will not ensure adequate funding levels or progress in implementation of NextGen.



the Airport and Airway Trust Fund receives no revenue from the sale of the aviation jet fuel and the fuel remains taxed at the higher rate. This policy has increased Highway Trust Fund revenues by hundreds of millions of dollars at the expense of the Airport and Airway Trust Fund.

**Airports Providing Aviation Services:** NATA recommends that Congress closely monitor government-run entities that attempt to compete with private industry at our nation's airports. As the FAA notes in Advisory Circular 150/5190-6, "aeronautical services are best provided by profit motivated, private enterprises. 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 enable the agency to make critical upgrades to existing facilities and equipment and implement new technologies that will better define routes within the national airspace system, allowing more aircraft to travel within the airspace. Additionally, this technology will minimize the impact on the environment due to aircraft flying more direct routes, improving fuel efficiency and reducing carbon dioxide emissions.

## **NATA Position**

The strength of our national airspace system and its ability to meet future demands are dependent upon the federal government's success in meeting its obligations in providing adequate infrastructure. A critical step in meeting those obligations is for Congress to

pass a comprehensive, long-term reauthorization bill this year that will help the country to meet the current and growing demands being placed on the aviation system.

NATA supports H.R. 915 but has concerns with several provisions in the legislation. Specifically, the provision banning Stage II aircraft in the next five years provides too short a time period for more recent Stage II aircraft purchasers to amortize their investment. A longer phase-out period, with financial incentives for the purchase of new aircraft, would be a more reasonable decision.

NATA is also concerned with the provision allowing non-primary airports to use AIP funds to install revenue-producing facilities. The association is wary that federal funds will be used to allow airports to install facilities that will compete with existing fixed base operators at airports. NATA is interested in working with members of the House Committee on Transportation and Infrastructure to ensure that the legislative intent indicates that the funds are not intended to allow an airport to compete with an existing business.

The requirements of drug and alcohol testing for foreign repair stations also raise concerns. The requirements represent a back-door attempt to bar U.S. air carriers from obtaining maintenance services abroad by imposing rules that the United States has no ability to enforce.

The association also has questions regarding the series of registration fees set forth in the legislation. While the overall fees are not unreasonable, the FAA should not be allowed to raise the fees unilaterally without approval from Congress.