

**Statement of the
National Air Transportation Association**

**before the
Subcommittee on Aviation
Committee on Transportation and Infrastructure
U.S. House of Representatives**

**Roundtable --
Economic Outlook on the Aviation Industry**

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Ranking Members Mica and Petri, and Members of the Subcommittee:

Thank you for allowing me to speak to you today on behalf of the National Air Transportation Association (NATA) and its 2,000 member companies. My name is Eric Byer, and I am the Vice President for Government and Industry Affairs for NATA. I think it's fair to say that the effects of the recession on general aviation have been vast. I appreciate this open dialogue and the opportunity to bring all the facts to the table on the state of the aviation industry and the future economic outlook, but more importantly I believe this discussion can produce positive reinforcement to help aid our vitally important industry.

NATA represents many of our nation's 2200 Part 135 on-demand air charter operators, 4,144 repair stations, 569 flight schools, 3,330 fixed based operators (FBO), and 18 fractional ownership providers that contribute to the \$150 billion that general aviation generates for the national economy annually and employ 1.2 million Americans.

Many of our member companies directly serve the traveling public by providing fuel, on-demand passenger and cargo air charter, aircraft rental, tie-down and storage, and flight training. Other services include aircraft maintenance, parts sales, airline baggage and cargo handling; and line support as well as individual business aircraft or fractional ownership fleet management. Other member companies sell or market new and used general aviation aircraft. While large firms, such as international FBO chains, are among our members, NATA has always been the advocate for smaller, single-location operators that depend exclusively on general aviation for their livelihood. In fact, these smaller companies account for the majority of NATA's membership.

In 2008, general aviation aircraft operated at approximately 4,000 airports in the U.S., and flew 166 million passengers approximately 27 million flight hours. However, the turbulent economy has significantly reduced these numbers, for example:

- In 2008, flight hours of single-engine piston aircraft dropped by 40,000 hours.
- For the multi-engine piston aircraft, hours decreased by over 100,000 hours between 2007 and 2008.
- According to FAA data, overall general aviation traffic volumes in January 2009 have decreased by 23% compared to January 2008.

The following are prime examples of industry decline this year:

- NATA members such as NetJets, Inc., the country's largest fractional ownership company, reported a loss of \$349 million for the first six months of the year. NetJets' revenue dropped 42 percent in the first half of the year, including an 81 percent decline in fractional jet sales and a 22 percent drop in flight operations. In the U.S., 700 NetJets employees have been laid off.

- Air-taxi service DayJet shut down operations and filed for Chapter 7 liquidation on September 18, 2008.
- Eclipse Aircraft, a prominent Very Light Jet manufacturer, announced Chapter 11 bankruptcy and subsequent Chapter 7 liquidation on February 24, 2009.
- Approximately 13,000 jobs have been lost in general aviation manufacturing with companies such as Hawker Beechcraft, Piper Aircraft, Gulfstream, and Cessna Aircraft.

While layoffs and closings of large facilities, like those listed above, are covered by the national media, what we often do not hear about are the challenges faced by the thousands of small business that are the backbone of general aviation. These facilities have been forced to lay off workers, cut pay and suspend growth. A few examples of the economic downturn's effect on NATA members companies include:

- **Million Air Salt Lake City** - The Salt Lake City-based company with two FBOs in Utah reported a seven percent fall off in fuel sales between 2007 and 2008. At the time this company was profiled – in December 2008 – they had eliminated 76 jobs over that period (From a high of 360 to 284), mainly by attrition.
- **Banyan Air Service** - The Fort Lauderdale, Florida, FBO saw a 12 percent decline in fuel sales in 2008 over 2007, and is projecting a further 10 percent drop for 2009. Banyan notes that even with fuel prices considerably down from their 2008 highs, people are continuing to fly less. As an example, the company has noted a drop of as much as 50 percent of flying among the large charter operators, since many cater to real estate, construction, and banking industries.
- **Duncan Aviation** - A large general aviation aircraft maintenance company, with FBO operations, Duncan Aviation of Lincoln, Nebraska, had its first lay-offs in its 53 year history, with 306 jobs eliminated in 2009. For this year, sales are projected to be off by 25 percent compared to 2008, when revenue was \$415,000,000. For 2009, the revenue projections are for \$327,000,000. Along with this, plans for a major new facility at Ogden, Utah, have been significantly scaled back.
- **Total Airport Services** - A Simi Valley, California-based aircraft handling and airport services company is projecting a \$2 million drop in revenues in 2009. The company, which had \$18 million in 2008 sales, expects that to be \$16 million for this year. Over the 2008-2009 period, employment was cut from 375 to 350, mostly by attrition.

These company layoffs and business closings represent thousands of jobs lost in the United States. In all major general aviation manufacturers, production has significantly decreased as a result of the economic recession. Some general aviation-based businesses have even had to close their doors permanently, putting thousands of employees out of work.

Unfortunately, the people and businesses in general aviation are weathering one of the worst economic storms anyone has ever seen. The impact of the flagging economy on the companies and communities that rely on general aviation is visible in all parts of the country.

Conclusion

Positive reinforcement for our nation's public-use airports, general aviation businesses, aircraft and pilots is essential. We are thankful for recently introduced legislation by Rep. Todd Tiahrt (R-KS), H.R. 3844, that would extend bonus depreciation for noncommercial aircraft to help boost general aviation manufacturing and jobs. However, much more can be done – we need all 50 states to support their public-use airports actively, both through legislation and public relations. Due to the positive effect general aviation has on the ability to conduct business, almost every state in the nation operates general aviation aircraft. We ask these states to stand up and support what they have learned firsthand, that general aviation serves America.

How can Congress HELP?

- Approve H.R. 3844 as a stand-alone bill or include as a provision within the FAA reauthorization bills being considered by Congress.
- Make the promotion of aviation a reality within the federal government, just as we promote all other transportation modes. The FAA used to have this authority - jobs are at stake and this should once again be a priority.
- Encourage all Americans to be active in general aviation. A dramatic increase in all forms of activity – economic and physical, as well as political – is the only thing that will end the recession.

I encourage all members of the Aviation Subcommittee to work both on the state and national level to ensure that general aviation continues to be a vibrant part of our nation's economy. Previous statements and actions produced by the Administration and Congress have been unintentionally catastrophic. Congress has ridiculed businesses for merely owning a plane and has passed laws prohibiting private air travel in companies receiving bail-out funds – without even allowing the affected firms to prove that their use of a private plane is essential to their company. Despite these attacks, general aviation is a critical tool for many businesses even when times are tough and profits are scarce. It's time to support an outstanding American success story. Compare our industry and products with all other transportation modes. We once had five other world-leading transportation sectors: Our maritime, railroad, mass transit, auto, and truck industries were the finest and largest in the world. Now, all these have declined and millions of jobs have been lost. Only in aviation are we still number one in the world. Only in aviation do we dominate markets around the globe. Only in aviation *were* 21st-century employment levels at all-time highs.

We need our nation's CEOs to travel via business jet to increase sales, make investments, evaluate major projects, deliver speeches, build morale, motivate their troops, make new loans, expand plants, explore new markets, find new resources, beat competitors, attract investors, and save their companies so that America's economy can grow again.

General aviation isn't asking for a bailout or a line item in the budget. We only want our government's leaders to acknowledge our value and include us in their vision of a new America.

Thank you for the opportunity to speak before you today, I will be happy to answer any questions you may have.