



THE VIEW FROM WASHINGTON

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User Fees are Coming, User Fees are Coming

The cry from various quarters of the general aviation community is deafening, and it reminds me of the 1775 cry of “The British are coming!”

The April 18, 1775, ride of Paul Revere was most recently brought to light by an American politician who really got her facts mixed up, another reminder that those famous words weren’t exactly the same as those of us in the U.S. were taught. However, I think the famous ride and statement are apropos today as we look, once again, at double-taxation of the aviation industry.

As described online in “The Real Story of Revere’s Ride” from the PaulRevereHouse.org website:

“On the evening of April 18, 1775, Paul Revere was sent for by Dr. Joseph Warren and instructed to ride to Lexington, Mass., to warn Samuel Adams and John Hancock that British troops were marching to arrest them. After being rowed across the Charles River to Charlestown by two associates, Paul Revere borrowed a horse from his friend Deacon John Larkin. While in Charlestown, he verified that the local “Sons of Liberty” committee had seen his pre-arranged signals. (Two lanterns had been hung briefly in the bell-tower of Christ Church in Boston, indicating that troops would row “by sea” across the Charles River to Cambridge, rather than marching “by land” out Boston Neck. Revere had arranged for these signals

the previous weekend, as he was afraid that he might be prevented from leaving Boston).

On the way to Lexington, Revere “alarmed” the country-side, stopping at each house, and arrived in Lexington about midnight. As he approached the house where Adams and Hancock were staying, a sentry asked that he not make so much noise. “Noise!” cried Revere, “You’ll have noise enough before long. The regulars are coming out!””

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For the residents of Boston, where Paul Revere’s ride began, the British weren’t coming – they were already there. For those of us in avionics and maintenance, user fees aren’t coming – they are already here.

In the past 10 years, the continuous chipping away of support from the local Federal Aviation Administration office has forced shops to rely more on the support of commercial resources, such as designated engineering representatives and organizational delegated authority. So, while the taxes haven’t gone up, what we get for those taxes has gone down. The continued expansion of approved model list supplemental

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type certificates has reduced the reliance on the local FAA for field approvals domestically, but this has caused an increased certification burden internationally. When an aircraft is not covered by the AML STC, the ability to get a field approval is negligible, and again, the “fees” to obtain commercially-approved data are substantial.

If you read the political jargon, you could interpret the proposal to add user fees to flight operations as “general aviation should finally be taxed.” This is an emotional argument that resonates with the public and makes really good sound bites for the evening news. But, since general aviation is already taxed via a fuel tax, what is being discussed is not taxing general aviation. Rather, it is double-taxing general aviation operations.

Double-taxing anyone doesn’t resonate well. If the government can double-tax our “obscure industry,” it can double-tax the general public just as easily.

Again, user fees in non-oper-

ations are not new. International repair stations already pay fees for the privilege of holding a U.S. FAA 145: The recent aircraft registration regulations include a fee for the regular registration; the application for an A&P includes a fee; and airports have charged landing fees for years. But, unlike the clear double-taxation for flight operations, the fees charged for licenses, certificates and international certification, there isn’t a solid line from general taxes to the services required. From the fuel tax to flight operation user fees, it clearly is nothing more complex than double-taxation.

Let’s see if we can demystify some of the “obscure industry” called general aviation. Did you know a 2005 study by Merge Global Inc. concluded employment from GA totaled 1.265 million jobs? The same study pegged the national total economic contribution of GA at \$150 billion annually.

According to FactCheck.org, and to put some reality in the po-

litical jargon regarding the annual budgets:

- Federal spending (“outlays” in budget jargon) is expected to equal 24.1 percent of the nation’s gross domestic product in the current fiscal year, which ends Sept. 30. The figure was 25 percent in fiscal year 2009, the highest since 1945.
- On the other hand, federal revenues are expected to drop to 14.8 percent of GDP this year, lower even than the 14.9 percent attained in both 2009 and 2010. There has been only one year since World War II when revenues have been as low as in any of these years: 1950, when the figure was 14.4 percent.

As everyone in business knows, if receipts (revenue) are down, you don’t raise prices, you stimulate better sales. Hopefully, your shop rates and markups are based on these solid business philosophies. Assuming the shop rates and markups were established properly,

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raising rates would discourage further sales, not encourage them.

As everyone in aviation knows, especially those who support the recreational side of aviation, times are tough and have been for nearly 10 years. In many ways, recreational flying never fully recovered after being grounded in 2001. But, we are still talking about an industry that supports more than a million jobs, 4,000 repair stations (and an equal number of Part 65 maintenance companies), 500 flight schools and 3,000 FBOs.

If Washington is successful in double-taxing flight operations, it will

inevitably lead to decreased operations, lessening the need for aviation goods and services. This will have a direct negative effect on local communities and small, rural airports. There are more than 5,000 public-use airports that rely on local tax revenue for their support and continued success. Any national effort to increase federal taxes would decrease local tax receipts, leading to irreparable harm to our local communities. It is interesting to read about the naive lack of understanding regarding the trickle-down effect of one action on this \$150 billion industry.

Now is a really good time to educate your legislative leadership on who you are and what you do. Let them know that double-taxing aviation is a really

bad idea. I encourage you to contact your local and state representatives, so they understand that any effort to increase federal taxes will decrease local and state tax revenues. User fees aren't coming; they have been levied on us continuously and insidiously for years. Sitting back is no longer an option. Now is the time to act.

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