



## Background

U.S. Representative John Duncan (R-TN) and U.S. Senator John Thune (R-SD) introduced legislation, the Freedom from Government Competition Act (and H.R. 1474 and S. 785, respectively) to reduce unfair government competition with the private sector, including small business. This legislation has been introduced in previous congresses and is not specific to aviation. However, NATA members are experiencing a growing trend where airport owners, traditionally local government, are seeking financial growth at their airport by competing with, or in some cases taking over, the services of fixed base operators (FBO) at their airport. A full-service FBO generally provides aviation refueling, aircraft maintenance, hangar space, pilot facilities and flight planning services. It may also offer charter services and corporate aircraft management. Currently, there are over 10,000 aviation services businesses nationwide. The significant majority are considered small businesses by federal government standards, with most having fewer than 50 employees. Airport management is tasked with administration, finance, public administration, marketing, safety, security, operations and maintenance, and liaison with federal and state agencies. By entering into the ground support side of operations, an airport owner is distracted from its duties to manage the airport successfully. Airport owners, which are usually government entities, are choosing to compete with existing private businesses and in some cases are utilizing state and federal grant funding to offset the cost of starting their own FBO.

## Issue

H.R. 1474/S.785 seeks to end government monopolies and benefit the taxpayer by subjecting commercial activities performed by federal employees within government agencies to market competition. If an activity performed by the government is available from private enterprise, that activity should be reviewed for performance by a tax-paying, for-profit company, rather than the government entity. Not only do federal agencies duplicate private business, but many also engage in unfair government competition with the private sector. The provisions of this act would also extend to state and local governments receiving federal funds, such as airports.

## NATA Position

There is a high cost to be paid when government competes with private industry. Economic effectiveness is the largest problem, as government-run ventures are neither as responsive nor

cost effective as private industry. When a government entity, such as an airport authority, duplicates what is provided in the competitive market, government preempts competition, stifles entrepreneurial opportunity, destroys economic growth, and raises the price of doing business at the cost of the taxpayer. While airports may offer a less expensive product, they are able to do so because they are subsidized by the taxpayer. The government-run "business" is then able to eliminate market incentives that produce economic efficiency and greater wealth for both buyers and sellers.

**H.R. 1474/S. 785 would eliminate a government entity's unfair advantage, providing a level playing field for both FBOs and airports to thrive in a safe, secure and economically vibrant airport environment.**