The National Air Transportation Association (NATA), the voice of aviation business, is the public policy group representing the interests of aviation businesses before the Congress, federal agencies and state governments. NATA's 2,000 member companies own, operate and service aircraft. These companies provide for the needs of the traveling public by offering services and products to aircraft operators and others such as fuel sales, aircraft maintenance, parts sales, storage, rental, airline servicing, flight training, Part 135 on-demand air charter, fractional aircraft program management and scheduled commuter operations in smaller aircraft. NATA members are a vital link in the aviation industry providing services to the general public, airlines, general aviation and the military. The following is a summary of NATA's policy priorities for the 112th Congress.

## FAA Reauthorization Legislation

### Background

Since September 2007, the United States Congress has passed twenty short-term extensions of legislation to reauthorize the Federal Aviation Administration (FAA). On February 17, 2011, the U.S. Senate passed S. 223, the Air Transportation Modernization and Safety Improvement Act. The U.S. House of Representatives passed their version of FAA reauthorization legislation (H.R. 658) on April 1, 2011.

### Issue

The current reauthorization extension expires on July 22, 2011. Conference committee negotiations are underway for S. 223/H.R. 658; however it's uncertain whether an agreement between conferees will be reached before the extension deadline.

To read the white paper on this issue, please click here.

## Freedom from Government Competition Act

### 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.

## Issue

H.R. 1474/S.785 seeks to end government monopolies and benefit the taxpayer by subjecting commercial activities being performed by federal employees within government agencies to

market competition. If a government-performed activity 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.

To read the white paper on this issue, please click here.

## Large Aircraft Security Program

### Background

In October 2008, the Transportation Security Administration (TSA) proposed the Large Aircraft Security Program (LASP) to govern operations for all aircraft weighing more than 12,500 pounds and require operators of those aircraft to implement an approved security program. The LASP proposal would, for the first time ever, require security programs for thousands of privately operated general aviation aircraft and ultimately seek to combine a number of security programs currently in place for general aviation, including the Twelve-Five Standard Security Program (TFSSP), into a single, uniform program.

### Issue

Overall, this notice of proposed rulemaking demonstrates a troubling lack of knowledge and understanding of the general aviation community by the TSA. The proposed rule is a very discouraging outcome after years of work at the agency, during which the industry offered assistance to provide an effective, feasible means to address the TSA's concerns. These offers of assistance were repeatedly declined by the TSA, and the resulting proposal reflects the agency's refusal to work with the industry. NATA has been working with the TSA to arrive at a compromise on the LASP program and to develop more appropriate methods to increase the already outstanding security record of general aviation.

To read the white paper on this issue, please click here.

## Standardization of Regulatory Interpretations at FAA

### Background

Last year, U.S. Representatives John Mica (R-FL) and Pete Sessions (R-TX) requested that the Government Accountability Office (GAO) review inconsistent regulatory interpretations at the Federal Aviation Administration (FAA). The reason for the request was the general aviation industry's continued confrontation with varying FAA regulation interpretation by the agency's Regional, Aircraft Certification (ACOs) and Flight Standards District Offices (FSDOs). The 9 FAA regions, 10 ACOs and more than 80 FSDOs each issue approvals on a wide range of maintenance and operational requests made by regulated entities. These regulated entities include Part 135 on-demand charter operators, Part 145 repair stations, and Part 141 and 61 flight training facilities.

### Issue

In October 2010, the GAO released a report titled "Certification and Approval Processes are Generally Viewed as Working Well, but Better Evaluative Information Needed to Improve Efficiency." The report was in response to NATA's request for a review of the lack of standardization of regulatory interpretations at the regional and local levels. The report unfortunately missed the mark by failing to provide meaningful information on the root cause and scope of the FAA regulatory interpretation inconsistencies and lacks an insightful analysis on how aviation businesses are impacted. The U.S. House of Representatives included a provision in H.R. 658, the FAA Modernization Act of 2011 that would create a working group comprising stakeholders throughout the aviation industry to recommend possible solutions to address the agency's lack of consistent regulatory interpretations.

To read the white paper on this issue, please click here.

## State Income Tax Threatens Interstate Commerce

### Background

The U.S. air transportation system is based on the idea that aviation is a truly interstate activity. The United States Congress has designated sole authority of the system to the Federal Aviation Administration, giving the agency the responsibility to set a unified standard for America's aviation policy. Without such control at the federal level, our system of air transportation is unable to function with any real efficiency. Federal control also relates to the taxes paid by air carriers. The federal government levies a series of taxes and fees on air passengers, while states collect income taxes on companies that are based in their state, or have significant business operation within the state.

There are an increasing number of states pursuing tax revenue from Part 135 air charter operators and Part 91K fractional jet operators. Generally this is in the form of corporate/business tax filing, but there are other tax statues applicable to charter and fractional operators that may designate them as a public utility and/or subject them to property tax assessments. The diverse nature of state tax laws makes it difficult for operators to identify and understand their potential for liability when operating to states other than their home base.

### Issue

The primary concern with states levying such taxes is the enormous administrative burden it places on companies. It is unreasonable for a small business to have to file income tax reports in fifty different states, especially when some of those states were only visited once or twice in a given year. The administrative and accounting burdens placed on such operators are simply too great. Such tax burdens do not pose a problem to large commercial airlines, as most airlines already do significant business in a state, with multiple employees working within that state. Charter operators and fractional ownership companies, however, do not have such an established presence, and may only use the airport to pick up or drop off customers. It is

imperative that the Congress recognize this anomaly in state taxes and implement a legislative change that allows on-demand air charter and fractional jet operators to avoid the requirement to file in all states. In lieu of registering with each state revenue department, charter operators would prefer to pay a flat fee for doing business in a particular state.

The Congress should amend federal law to clarify a state's right to levy an income tax on an aviation business. Such amendments could include the establishment of a threshold for which a company would qualify as doing significant business in the state. For example, an out-of-state company with more than 25 operations per year within another state would qualify, while a company with fewer than 25 operations would be exempt. Such a system would allow companies to forgo the massive amounts of bureaucratic paperwork necessary to file income tax returns in all states.

To read the white paper on this issue, please click here.

## Part 135 Flight, Duty and Rest Regulations

### Background

The Federal Aviation Administration (FAA) issued a notice of proposed rulemaking (NPRM) in October 2010 amending Part 121 flight, duty and rest hours for pilots. It is of great concern to the Part 135 industry because the FAA states in the proposal that it sees Part 135 as "substantially similar" to Part 121 and that a similar, if not identical, rule is likely to be published impacting Part 135. This is disappointing given that the Part 135 industry invested substantial effort to create a comprehensive rulemaking addressing this subject in 2005. The *Part 135 Flight, Duty and Rest (FDR) Subgroup* was a part of the *FAA Part 125/135 Aviation Rulemaking Committee (ARC)*. The FDR subgroup developed a comprehensive proposal to address unscheduled/on-demand operations under 14 CFR Part 135.

### Issue

The FAA Part 125/135 ARC recommendations for pilot flight, duty and rest regulations would dramatically improve upon current regulations while still permitting the operational flexibility necessary for the continued ability to conduct on-demand operations. NATA urges the FAA to move forward with new regulations for Part 135 based upon the Part 125/135 ARC rather than attempt to implement one-size-fits-all rules.

To read the white paper on this issue, please click here.

## Congressional General Aviation Caucus

In 2009, the U.S. House of Representatives and the U.S. Senate established general aviation caucuses in their respective chambers to help educate Members of Congress and their staff about the vital role of general aviation. The primary goal of the House and Senate caucuses is to work with pilots, aircraft owners, the general aviation community and relevant government

agencies to ensure that a safe and vibrant environment exists for general aviation in our country. Each caucus holds regular briefings for Members of Congress and their staff on specific issues affecting the industry. Both the House and Senate caucuses are open to all Members of the House and Senate despite party affiliation and committee assignments.

Currently, there are more than 85 members of the U.S. House of Representatives who have joined the House General Aviation Caucus. There are 28 members of the Senate General Aviation Caucus.

To read the white paper on this issue, please click here.