

November 29, 2014

Ms. Teresa G. Bostick
Manager, Tax Policy Division
Texas Comptroller of Public Accounts
P.O. Box 13528, Capitol Station
Austin, TX 78711-3528

Re: Public Account's Draft Rule § 3.280, published October 31, 2014

Dear Ms. Bostick:

The National Air Transportation Association (NATA), representing member companies operating at over 137 locations and employing thousands across the state of Texas, is opposed to the Comptroller of Public Accounts proposed changes to the application of state and local sales and use taxes on general aviation aircraft. These proposals ignore generally accepted aviation business practices and are inconsistent with state and federal law. If adopted, these proposals would result in the loss, not gain of revenue to the state and, most importantly, reduce jobs and diminish safety.

NATA represents a broad array of aviation service businesses prerequisite for a vibrant general aviation sector. Our member companies provide fuel, on-demand air charter, aircraft rental, storage, flight training, aircraft maintenance, parts sales and line support, as well as business aircraft and fractional ownership fleet management. NATA members range in size from large companies with international presence to smaller, single-location operators that depend exclusively on general aviation for their livelihood.

The Comptroller's proposals would impose use taxes on direct owners who are taxpayers in other states but whose aircraft spend time in Texas for the purposes of services performed by our member companies, including maintenance and refurbishment. In addition, these proposals recognize only the most basic form of aircraft leasing, ignoring the fact that there are other accepted leasing regimes including those allowing for the use of aircraft in charter operations. Such regimes make owning aircraft a better value proposition and make chartering an aircraft more affordable, including a resultant increase in aviation safety.

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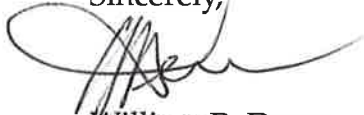
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Underlying the Comptroller's proposal is a lack of understanding of common aviation business practices, a distinguishing feature of many proposals developed without stakeholder consultation. Typically such proposals have the opposite effect of intended and result in both job and revenue loss to the state.

For example, if the proposals related to use taxes are adopted, maintenance and refurbishment work being performed on out-of-state aircraft will shift to nearby states that can offer lower total costs. Proposals that recognize only one form of aircraft leasing will, without doubt, be challenged and found to be outside of the Comptroller's authority to promulgate. In the interim however, it is likely other arrangements will be made for leasing and chartering aircraft with resultant state tax and job loss.

We appreciate your consideration of our views. NATA always supports the appropriate application of taxes at every level and stands ready to work with the Comptroller after it withdraws this job, revenue, and safety diminishing proposal.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Deere', with a large, sweeping flourish extending to the left.

William R. Deere

Senior Vice President

Government & External Communications