

**Statement of Richard W. Shine
CEO, Manitoba Recycling**

**US Senate Finance Subcommittee
On Energy, National Resources and Infrastructure**

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Chairman Bingaman and members of the Subcommittee, good afternoon. This marks the first time I've spoken to a Congressional Committee, and it is a privilege to be before you today to discuss modernization of the nation's aviation system.

My name is Richard Shine. I'm here on behalf of the National Business Aviation Association, but I'm also a proud member of the Aircraft Owners and Pilots Association.

I'm the CEO of Manitoba, a family-owned metals recycling company headquartered in Lancaster, New York. My business employs 60 families in our community.

When my grandfather founded Manitoba in 1916, the company was able to collect all the metals it needed to stay in business from within forty miles of our recycling plant. But, since I joined Manitoba in 1970, the 20 local manufacturers that provided scrap metal to Manitoba have been reduced to one. At some point, we needed to expand our business base, and that's where business aviation came in.

I decided to apply the flight training I received in the Air Force to fly to locations beyond Lancaster to find scrap metal providers. Our plane covered a lot of ground and got us in front of a lot of people. We didn't land every account, but we got enough of them to survive.

The aircraft we use today is a turbine-powered propeller plane, or turboprop, called a Mitsubishi MU-2, like the model I have here before me. As much as ever, we rely on this plane to get outside our region and generate the metals we need to stay in business. The plane has been the secret to our success, and I'm confident that will continue to be the case.

So basically, Mr. Chairman, I represent a small business that operates a turboprop airplane to help my company survive. My story is not unique. Every Member on this Committee has businesses in their state with a story like Manitoba's.

In fact, most companies that use an aircraft are like mine: small and mid-sized businesses that operate just one small plane. We mostly use piston planes, turboprops or small jets that are about the size of an SUV. They seat about six people inside and fly relatively short stage lengths, mostly using small community airports.

You don't often hear about companies like mine in discussions of business aviation. Instead, the focus is always on big Fortune 500 companies. But, I hope the members of this subcommittee understand that for every Fortune 500 company that relies on turbine powered business aviation, there are eight or nine companies like mine.

You also don't hear much about the many benefits that derive from the use of airplanes by businesses like mine. The fact is, my local airport doesn't have airline service. My business and others are the tenants, providing jobs to the airport workers, pilots, mechanics, ramp workers and others. These are good jobs in places like upstate New York.

The reason you've asked me here today is not just to talk about the benefits of business aviation, but how we should fund the modernization of the FAA. If there is anything you take from my testimony, it is this: the general aviation community, of which I'm a part, supports modernization of our aviation system and is willing to help pay for it.

But what I want this subcommittee and the rest of Congress to understand is that we want to pay at the pump—not through user fees or new taxes.

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The fuel tax is a simple, proven and efficient way to measure and pay for system use by operators like me. I pay my taxes at the point of service, which is when I fuel up. If some company has a bigger airplane they'll burn more fuel and pay more fuel taxes. This means my turboprop will pay less than a jet, but more than a small piston plane, which is fair. And, once I've paid at the pump, the government has its money—no paperwork, no collection agents, and no worries about deadbeats or bankrupt companies.

Now, I'm a businessman from upstate New York, and not a policy expert. But it seems to me that the proposal from the House Transportation and Infrastructure Committee to fund FAA and modernize the system gets it right. From what I have read, this proposal would generate additional money from general aviation to modernize the aviation system while letting general aviation continue to pay exclusively at the pump.

I don't understand why anyone would want to replace the simple payment system we have with one based on user fees or some new unproven formula. Unfortunately, other proposals that I've seen not only move from our current structure toward user fees, but also shift huge costs onto general aviation.

I have personal experience with user fees. Lancaster is close to Canada, so I've often flown into Canadian airspace. Canada's user fee system, NavCanada, is very onerous to comply with.

Here's how that system works: Some weeks after my flight, NavCanada's bureaucracy sends me an invoice. If I've made multiple flights, I get multiple invoices. I have to take out the invoices and review them to make sure that they've charged me correctly. If they haven't, I need to get on the phone to dispute any inaccurate charges. If the charges are correct, I need to fill out a purchase order, cut a check, and put the check and invoice back in the mail to NavCanada. Obviously, this imposes a significant and hidden administrative cost to my business.

I can't figure out why anyone would want to put this kind of burden on businesses like mine when we already have a better and more efficient system in place. Manitoba runs on a very narrow profit margin. As a businessman, I'm always looking for ways to increase efficiencies, reduce red tape and decrease administrative overhead. User fees will run counter to all of that.

There is an important difference between adjusting the current tax rates to generate more revenue for modernization and overhauling the system to shift costs between segments. I hope Congress will reject user fees, and oppose anything that would take money from my business to give a tax break to someone else. Asking me to pay for modernization is one thing. Asking me to pay for a tax break for some interest group is another. I am willing to pay an increased fuel tax for modernization. I am not willing to foot the bill for someone else.

Mr. Chairman, let me close by reiterating that if this Committee determines that additional revenue is necessary to modernize the nation's aviation system, I am willing to make an additional contribution to that effort. But please let me continue to make that contribution by paying at the pump, exclusively through the fuel tax.

This is an important issue to me, and I appreciate the invitation to testify. Speaking on behalf of the business aviation industry, I wish to express my willingness to work with you and the members of the committee to craft a reasonable plan to reach our shared modernization goals.

I am happy to answer questions.

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