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April 15, 2015

The Honorable Orrin Hatch  
Chairman  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Ron Wyden  
Ranking Member  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden:

The National Air Transportation Association (NATA) appreciates the Committee's bipartisan initiative to solicit views for incorporation into an overhaul of our nation's tax code. This is an historic opportunity to enact policies that will guarantee the nation's prosperity for years to come and NATA encourages the Committee to be bold and develop legislation that includes the full and immediate expensing of capital investments.

NATA represents the interests of the general aviation business community before the Congress as well as federal, state and local government agencies. Representing nearly 2,300 aviation businesses, NATA's member companies provide a broad range of services to general aviation, the airlines, and the military. Our members range in size from large companies with international presence to smaller, single-location operators that depend exclusively on general aviation for their livelihood. Smaller companies account for the majority of NATA's membership and most of our members have fewer than 40 employees and are designated as small businesses by the U.S. Small Business Administration.

The general aviation industry itself is a major contributor to the U.S. economy. Recently, NATA and seven other major general aviation associations unveiled an industry-wide study conducted by PricewaterhouseCoopers that details the economic contributions of general aviation to the U.S. economy. The study concluded that general aviation supports 1.1 million jobs and \$219 billion in total economic output in the United States<sup>1</sup>.

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<sup>1</sup> "Contribution Of General Aviation To The U.S. Economy - 2013," page E-1. PricewaterhouseCoopers

NATA has been one of the leading supporters of extending bonus depreciation and Section 179 expensing for small businesses at a level of \$500,000. We appreciate this Committee's support of these provisions and, like you, regret that the full stimulative effects of these provisions have been lost by their renewal late in the calendar year. For that reason, NATA supports the ongoing efforts of the House of Representatives to make these two pro-growth provisions permanent.

But with legislation as important as that the Committee seeks to undertake, we should go farther. Many economists support NATA's belief that while accelerated depreciation is helpful to investment and the overall economy, the ultimate goal should be to fully write-off business investment expenses immediately. This proposed change in tax policy should not be viewed in static terms that suggest it would trigger a reduction in federal revenues. It is unrealistic to assume investment behaviors would remain unchanged in the face of such a policy change. Rather, we point the Committee toward research conducted by the Tax Foundation<sup>2</sup> that indicates such a change in tax policy would boost GDP by five percent with a resultant increase, not decrease, in overall federal revenues.

The March 2015 jobs report confirms what we have observed in the aviation business community -- while a recovery is underway, it is fragile and would greatly benefit from the adoption of long-term, permanent, pro-growth tax policies. That is why we take firm exception to the Administration again proposing to lengthen the depreciation schedule for general aviation aircraft purchases. The proposal demonstrates a continued lack of appreciation for the benefits of general aviation, a uniquely American industry with good-paying jobs.

Even a cursory examination suggests that we should not yet be in a self-congratulatory mood about the state of American general aviation. While measures of general aviation activity are on the rise, they are still nowhere near pre-recession levels. Activity levels for an important segment of our membership, on-demand air charter (FAR Part 135), is 16 percent below pre-recession levels according to the most recent statistics<sup>3</sup>.

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<sup>2</sup> "Comparing the Growth and Revenue Effects of Four Proposed Depreciation Systems: Baucus, Camp, Wyden and Full Expensing." Michael Schuyler, Tax Foundation

<sup>3</sup> "General Aviation and Air Taxi Total Hours Flown By Actual Use 2002-2013." Federal Aviation Administration

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The General Aviation Manufacturers Association (GAMA) estimated that general aviation fuel consumption in 2015 will still be 12 percent below pre-recession levels<sup>4</sup>. Most disturbingly, GAMA reports that while the numbers of U.S. manufactured general aviation aircraft are increasing, it is still half that of pre-recession levels<sup>5</sup>.

NATA believes that the full and immediate expensing of capital investments will unleash this sector and cement this nation's continued global dominance of the aviation industry. Such a proposal would increase the number of aircraft manufactured in the United States and benefit other related general aviation business activity, resulting in a significant boost to jobs in our industry. General aviation business activity would rise across the board with a resultant positive impact to the 289,000 people employed in the aviation maintenance industry that today generates \$43 billion in total economic activity<sup>6</sup>, as well as to the approximately 3,000 fixed base operators<sup>7</sup> and their employees that serve our nation's airports.

We appreciate the Committee's consideration of our views. Aviation businesses of all types, including charter, maintenance and repair, and fractional, will benefit from the enactment of permanent, pro-growth policies. However, at this critical moment in our recovery, we urge the Committee to look beyond the immediate horizon and enact a tax policy that is truly forward looking and promotes investment.

Sincerely,



Thomas L. Hendricks  
President and CEO

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<sup>4</sup> "2014 General Aviation Statistical Databook & 2015 Industry Outlook," page 31.

<sup>5</sup> "2014 General Aviation Statistical Databook & 2015 Industry Outlook," page 20.

<sup>6</sup> "Global Fleet & MRO Market Economic Assessment, March 2015," page 80. CAVOK on behalf of the Aeronautical Repair Station Association.

<sup>7</sup> "AIN FBO Survey 2015" Aviation International News