



GENERAL AVIATION UNITED AGAINST USER FEES

In March 2006, the Air Transport Association (ATA), a Washington-based lobbying group representing the U.S. airlines, announced ten principles signifying their unified position in support of a new mechanism for funding the air traffic control (ATC) system. Their proposal, dubbed "SmartSkies", calls for the implementation of user fees to finance the FAA which will shift costs from the airlines onto general aviation (GA). The airlines want these fees to be based on number of departures and time operating in the ATC system. Additionally, the airlines' proposal calls for a governing board to oversee ATC services that will be dominated by the airlines. Essentially, the airlines' plan for improving the air transportation system is for them to pay less and control more.

THE DEBATE

Congressional authorization and the mechanism of taxes that currently fund the FAA will expire on **September 30, 2007**. The FAA kicked off the debate in early 2005 with a discussion of how the Airport and Airways Trust Fund (AATF) should be funded. The airlines, sensing an opportunity to shed costs, are aggressively advocating a user fee approach to FAA financing that they feel would substantially relieve them of the financial obligation to pay for a system that is designed almost entirely for their benefit. We expect this debate to play out in 2007 and possibly beyond.

WHY THE AIRLINES ARE ATTACKING GA

Over the past five years, the airlines have received from the U.S. government a \$5 billion bailout, a \$10 billion loan guarantee program, war risk insurance, and a shift of some pension obligations to the government's Pension Benefit Guaranty Corporation, which passed their responsibility for these pension plans onto the American taxpayer. Even though the airlines are now experiencing a recovery, they continue to seek ways to shed an additional \$2-\$3 billion by promoting user fees. All GA groups are united in the belief that user fees equate to bad government and any user fee scheme will inevitably trickle down and be imposed on every aspect of flying in the U.S.

THE AIRLINE PROPOSAL

The airlines have falsely claimed that they pay more than 90 percent of all aviation taxes, while their operations make up only two-thirds of activity in the system. They have also said that they subsidize other users of the ATC system by about \$3 billion annually. ATA's proposal calls for a schedule of mandatory user fees or charges for "business aircraft" based on time in the system and number of departures – no matter the size of aircraft, number of passengers, or airports or airspace used. The airlines also want to remove Congressional oversight from the FAA funding process and essentially take over control of ATC by establishing a board that would be dominated by the airlines. In congressional testimony, the airlines have begun to refer to certain classes of airspace as "commercial airspace" as if the airlines have exclusive rights over other users.



AIRLINES DRIVE THE COST

The airlines' hub and spoke operations have driven the design of our current air traffic control system which produces choke points. This is especially true at the Operational Evolution Plan (OEP) 35 airports, which receive a majority of the FAA's funds and resources. The OEP 35 airports are predominantly airline hubs that constitute the busiest and most congested airports in the system. At the OEP 35 airports, GA only accounts for six percent of total operations. In fact, when you compare the airlines' top 20 busiest airports with GA's 20 busiest, there is zero correlation. Not one of GA's busiest airports is on the airline list. The ATC system is built for the airlines' use. Airlines drive the cost of a system that was solely designed to meet their needs and they should continue to pay for the system commensurate with how costs are allocated to operate the system. In other words, the cost of moving an airliner with over 100 passengers between two hubs such as Los Angeles and New York during peak departure and arrival times does not equate to moving a GA aircraft, generally flying at different altitudes than the airliners, between reliever airports in the same cities.

WHAT GA IS SAYING

GA has always contributed to the aviation trust fund through fuel taxes that are easily collected and efficiently administered. The amount of fuel purchased has a strong correlation to the time, distance and facilities used by GA aircraft. In contrast, a user fee scheme would require the creation of an inefficient government bureaucracy to bill and collect these fees. Contrary to what the airlines claim, a user fee scheme would actually make the system less financially stable and more vulnerable. During poor economic times when fewer people fly, user fees would have to be increased in order to make up for the reduction in flight operations since the cost of running the ATC system would not decline.

A user fee based scheme would also open the door to fees or charges in other areas like filing a flight plan and aircraft certification. Certification fees would increase the cost of purchasing a new airplane and equipment. The cost of maintaining an airplane would increase with fees for modifications and product enhancements.

NO USER FEES FOR ANY SEGMENT OF AVIATION – IT IS *THE CAMEL'S NOSE UNDER THE TENT!*

The United States air transportation system is like no other in the world. Any system of user fees, even one that excludes all or some segment of general aviation is unacceptable, and ultimately will result in user fees for all of the aviation community. One proposal being made in Washington would have the airlines supporting the FAA system through a user fee while general aviation would continue to pay fuel taxes. Such an idea is simply putting the camel's nose under the tent.

We only have to look north to our general aviation neighbors in Canada to see first hand how this happens. Ten years ago when the ATC system was established as a government corporation (Nav Canada), light general aviation was exempted from ATC and airport user fees. Now ten years later, despite an appeal to the Canadian Transportation Agency, general aviation operators of light aircraft will pay charges for the use of seven important airports (including several reliever facilities) for the first time. According to the Canadian Aircraft Owners and Pilots Association, the airline community is viewing this as just the beginning of general aviation paying user fees in Canada.

NEED FOR A MODERNIZATION PLAN

One point that the airlines and GA do agree upon is that our air traffic control system is in need of modernization. But why scrap the stable and reliable funding system that exists today for one that is vulnerable to economic changes and costly to manage? Despite the drastic highs and lows in our economy in the past ten years, the FAA's budget has remained absolutely stable and in some years has even been increased by Congress above the President's budget request. Scrapping the fuel tax and implementing user fees to pay for modernization is not the answer. A coherent modernization plan must be developed that improves capacity, delineates projected costs, and estimates anticipated savings, before any decisions can be made on financing a modernization plan. Just as no sensible person would hand a builder a stack of money before seeing the plans and price for a new home, the aviation industry should be told of a modernization plan and its time phased cost before financing can be discussed.

GA IS UNITED

Despite a concerted effort by the airlines to divide the GA community over who should pay user fees, we stand united in rejecting this financing concept. The skies over the U.S. are a national asset and the GA community is committed to ensuring that the future funding of the FAA and subsequent design of the national air transportation system will benefit all Americans. For over 100 years, Americans have enjoyed the freedom to safely fly without excessive fees. We cannot let the airlines take that freedom away.