



THE VIEW FROM WASHINGTON

BY RIC PERI

VICE PRESIDENT OF GOVERNMENT & INDUSTRY AFFAIRS FOR AEA

User Fees are Coming, User Fees are Coming

The cry from various quarters of the general aviation community is deafening, and it reminds me of the 1775 cry of “The British are coming!”

The April 18, 1775, ride of Paul Revere was most recently brought to light by an American politician who really got her facts mixed up, another reminder that those famous words weren’t exactly the same as those of us in the U.S. were taught. However, I think the famous ride and statement are apropos today as we look, once again, at double-taxation of the aviation industry.

As described online in “The Real Story of Revere’s Ride” from the PaulRevereHouse.org website:

“On the evening of April 18, 1775, Paul Revere was sent for by Dr. Joseph Warren and instructed to ride to Lexington, Mass., to warn Samuel Adams and John Hancock that British troops were marching to arrest them. After being rowed across the Charles River to Charlestown by two associates, Paul Revere borrowed a horse from his friend Deacon John Larkin. While in Charlestown, he verified that the local “Sons of Liberty” committee had seen his pre-arranged signals. (Two lanterns had been hung briefly in the bell-tower of Christ Church in Boston, indicating that troops would row “by sea” across the Charles River to Cambridge, rather than marching “by land” out Boston Neck. Revere had arranged for these signals

the previous weekend, as he was afraid that he might be prevented from leaving Boston).

On the way to Lexington, Revere “alarmed” the country-side, stopping at each house, and arrived in Lexington about midnight. As he approached the house where Adams and Hancock were staying, a sentry asked that he not make so much noise. “Noise!” cried Revere, “You’ll have noise enough before long. The regulars are coming out!””

Contacting your national representatives is quite easy.

To contact your Congressman in the House of Representatives, visit www.house.gov. To contact your senator, visit www.senate.gov.

For the residents of Boston, where Paul Revere’s ride began, the British weren’t coming – they were already there. For those of us in avionics and maintenance, user fees aren’t coming – they are already here.

In the past 10 years, the continuous chipping away of support from the local Federal Aviation Administration office has forced shops to rely more on the support of commercial resources, such as designated engineering representatives and organizational delegated authority. So, while the taxes haven’t gone up, what we get for those taxes has gone down. The continued expansion of approved model list supplemental

Did you know a 2005 study by Merge Global Inc. concluded employment from GA totaled 1.265 million jobs? The same study pegged the national total economic contribution of GA at \$150 billion annually.

type certificates has reduced the reliance on the local FAA for field approvals domestically, but this has caused an increased certification burden internationally. When an aircraft is not covered by the AML STC, the ability to get a field approval is negligible, and again, the “fees” to obtain commercially-approved data are substantial.

If you read the political jargon, you could interpret the proposal to add user fees to flight operations as “general aviation should finally be taxed.” This is an emotional argument that resonates with the public and makes really good sound bites for the evening news. But, since general aviation is already taxed via a fuel tax, what is being discussed is not taxing general aviation. Rather, it is double-taxing general aviation operations.

Double-taxing anyone doesn’t resonate well. If the government can double-tax our “obscure industry,” it can double-tax the general public just as easily.

Again, user fees in non-oper-

ations are not new. International repair stations already pay fees for the privilege of holding a U.S. FAA 145: The recent aircraft registration regulations include a fee for the regular registration; the application for an A&P includes a fee; and airports have charged landing fees for years. But, unlike the clear double-taxation for flight operations, the fees charged for licenses, certificates and international certification, there isn’t a solid line from general taxes to the services required. From the fuel tax to flight operation user fees, it clearly is nothing more complex than double-taxation.

Let’s see if we can demystify some of the “obscure industry” called general aviation. Did you know a 2005 study by Merge Global Inc. concluded employment from GA totaled 1.265 million jobs? The same study pegged the national total economic contribution of GA at \$150 billion annually.

According to FactCheck.org, and to put some reality in the po-

litical jargon regarding the annual budgets:

- Federal spending (“outlays” in budget jargon) is expected to equal 24.1 percent of the nation’s gross domestic product in the current fiscal year, which ends Sept. 30. The figure was 25 percent in fiscal year 2009, the highest since 1945.
- On the other hand, federal revenues are expected to drop to 14.8 percent of GDP this year, lower even than the 14.9 percent attained in both 2009 and 2010. There has been only one year since World War II when revenues have been as low as in any of these years: 1950, when the figure was 14.4 percent.

As everyone in business knows, if receipts (revenue) are down, you don’t raise prices, you stimulate better sales. Hopefully, your shop rates and markups are based on these solid business philosophies. Assuming the shop rates and markups were established properly,

Continued on page 77