

The Impact of User Fees on General Aviation

In 2007, the FAA will release its proposal for funding the nation's air traffic control system following the expiration of the ticketing and fuel taxes on September 30, 2007. Currently, general aviation operators pay into the Airport and Airway Trust Fund through a fuel tax of 21.9 cents per gallon for aviation jet fuel and 19.4 cents per gallon for aviation gasoline. Furthermore, on-demand air charter operators pay the same ticket and fuel taxes as scheduled airlines due to their classification as commercial operators. NATA has long argued that the fuel tax for non-commercial general aviation is the best method for paying into the Airport and Airway Trust Fund because it guarantees a consistent and efficient stream of funding.

User fees would deal a significant blow to business and general aviation in the United States for a variety of reasons. These reasons include:

- ❖ **Increased cost to non-scheduled operators:** Airline advocates have argued that all eligible operations should pay the same fee because air traffic control does not differentiate between types of aircraft and must treat each aircraft that uses air traffic control services the same. This argument fails to account for the fact that airline travel is what drives the cost of air traffic control services, and that general and business aviation are incremental users of the system.
- ❖ **Less general aviation activity:** User fees would undoubtedly result in many operators flying on a much less frequent basis due to the increased costs of using the aviation system. Less activity will have a large ripple effect throughout the industry, with many businesses suffering due to fewer fuel sales, maintenance projects, and other services.
- ❖ **A tremendous administrative burden:** Virtually all countries that have implemented a user fee system have adopted a method of billing users of the system for the air traffic services used after their particular flight. None of these countries, however, have the level of general aviation activity as the United States. A system of "after the fact" bills would result in a massive administrative hassle for all general aviation pilots. Companies would have to dedicate significant resources for verifying the bills' accuracy. There is a great chance that a significant number of the thousands of bills being generated daily will be erroneous, leading to endless red tape to correct the error. The current fuel tax ensures that the Airport and Airway Trust Fund will receive the appropriate contribution as the fuel is purchased, without having to wait weeks and possibly even months for payment.
- ❖ **Control over the aviation system:** The FAA has long maintained that any user fee system will employ a "user pays, user says" philosophy. This philosophy indicates that user fees will also mean the creation of a "board of directors" composed of industry stakeholders that will dictate aviation policy and funding priorities. Such a board will certainly skew in the direction of airlines, who could use the new governing body to steer aviation funds to larger airports and programs disproportionately beneficial to the airline industry. NATA feels Congress remains the strongest voice for a fair and equitable air transportation system, and that decisions over the future of the system should reside with elected officials.

Action Needed

In attempting to change the current funding structure of excise and fuel taxes, Congress should take into consideration the impact on the entire industry, including general aviation, business aviation, and scheduled airlines. It is imperative that Congress adopt a funding system that does not shift the cost burden from one sector of the industry to the other, but rather ensures that a new funding stream will help the entire aviation industry grow.