

**STATEMENT FOR THE RECORD
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SUBMITTED TO THE

Senate Committee on Commerce, Science & Transportation

Hearing:

“The State of the Aviation Industry: Examining the Impact of the COVID-19 Pandemic”

May 6, 2020

Chairman Wicker, Ranking Member Cantwell, and members of the Senate Committee on Commerce, Science & Transportation, thank you for holding this hearing to discuss the unprecedented challenges our aviation industry is facing due to the COVID-19 pandemic. The National Business Aviation Association (NBAA) represents more than 11,000 member companies that utilize general aviation aircraft to make their businesses more productive and successful. We welcome the opportunity to provide this statement to explain the unique challenges our segment of the aviation industry is facing each day, and how we are contributing to the humanitarian response.

The United States business and general aviation industry, which includes all operations other than scheduled airline flights and the military, supports 1.2 million jobs and \$247 billion in economic impact. Across the country, thousands of small and mid-size businesses that generate \$77 billion in labor income are facing unprecedented challenges due to the COVID-19 pandemic and require additional relief.

Since early March, general aviation operations have declined more than 70-percent, resulting in severe economic consequences for a wide variety of businesses, from aircraft operators to airports and aviation manufacturers. For example, in Mississippi, airports are laying off workers, and flight schools at community colleges have closed. In Washington state, many general aviation airports are reporting steep declines in traffic. At Pierce County Airport in Puyallup, there has been a 95-percent decline in traffic, while at Boeing Field in King County, general aviation traffic and fuel sales have declined by more than 70-percent.

Your efforts to provide near and mid-term relief for air carriers and small businesses under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) injected much-needed funds into general aviation businesses. Still, we believe additional assistance will be necessary. The uncertainty as to the longer-term prospects for aviation requires us to think creatively beyond the CARES Act.

In addition to loans and grants for air carriers, the CARES Act suspended certain federal excise taxes for commercial air transportation until January 1, 2021; however, it did not suspend non-commercial aviation fuel taxes. While this excise tax suspension provides longer-term relief to commercial air carriers, most general aviation operations are non-commercial, and thus not eligible for this tax relief that will help incentivize aviation activity as we recover from the COVID-19 pandemic. As Congress considers a fourth relief package, we respectfully request that aviation fuel taxes paid by non-commercial operators also be suspended.

This temporary relief from fuel taxes will incentivize general aviation businesses to preserve jobs and resume flying once we begin to emerge from this crisis. For example, at crucial general aviation airports in Florida, including Venice Beach Municipal and North Perry, flight schools are either closed or seeing their business reduced drastically. Across the country, these small businesses employ nearly 110,000 flight instructors and are a crucial driver of economic activity at community airports. The suspension of non-commercial fuel taxes will help reduce operating costs for flight schools and other small businesses and provide a much-needed incentive to get back in the air.

In addition to these examples, many other general aviation airports, which are the backbone of our nation's aviation infrastructure, are facing unprecedented challenges. These facilities, both large and small, provide communities a lifeline for critical supplies and air medical flights. As a result of aircraft operations dropping so drastically, these airports have lost their significant sources of revenue, derived from fuel sales and landing fees. While pavement will inevitably survive the crisis, airport operators are

struggling to maintain their skilled staff, essential to the ability to operate the facilities safely. Fixed Base Operators and other airport-based businesses are struggling to pay rent and retain their employees. General aviation depends on these airports, which will be critical in the recovery phase as well. Thank you for fully funding the Airport Improvement Program (AIP). We also applaud your efforts to provide airports with much-needed funding through the CARES Act by increasing the federal share to 100-percent and ask for your continued support.

We also recognize the COVID-19 pandemic has led to challenges for the Airport & Airway Trust Fund (AATF). However, we believe the suspension of non-commercial aviation fuel taxes would provide our industry with similar relief to what commercial operators have received. Also, temporary relief from the fuel taxes will serve as a catalyst to help small general aviation businesses recover once the immediate crisis begins to recede. In the long-run, this will benefit the aviation system, the AATF, and our entire economy.

Beyond relief from air transportation excise taxes, the CARES Act provided grants and loans for air carriers and other general aviation businesses. These programs, administered by the Department of the Treasury, have provided much-needed relief to general aviation air carriers. To date, payroll support funds were provided to more than 90 air carriers, many of which are small and mid-sized businesses. While this represents significant progress, air cargo operators and eligible contractors have not yet received support. Also, based on conversations with NBAA members, some air carriers are still awaiting a final decision on their payroll support application and disbursement of funds.

This uncertainty as to potential support presents significant challenges to general aviation businesses that are already struggling to survive. Air carriers and contractors are facing drastically reduced revenues, which makes maintaining prior employment levels, potentially unsustainable. If applicants had more detail as to when payroll support decisions will be made, it would significantly inform their planning and business decisions during these uncertain times. As Congress continues its oversight of CARES Act programs, we respectfully request that you work with the Treasury Department to provide additional details on the timeline for a decision on payroll support payments to applicants.

Along with the payroll support program, the Treasury Department is also overseeing a loan program for air carriers and other eligible aviation businesses. One challenge our industry is facing in applying for these loans is the requirement to track available seat miles, revenue per seat mile, and cost per available seat miles. Since most general aviation air carriers provide on-demand flights, they are not able to track these metrics as the large airlines do. As the Treasury Department processes loan applications, we ask that they provide flexibility for general aviation operators to suggest a metric that more accurately represents the service they provide to communities.

We also applaud the recent action by Congress to provide an additional \$310 billion in funding to the Paycheck Protection Program (PPP). Many NBAA member companies have been able to secure relief under the PPP, and we are hopeful that this additional relief will reach more general aviation small businesses. The \$60 billion provided to small community banks is also critical, as many of our members have developed close relationships with their local lenders.

Even during these challenging times, we have continued to see general aviation operators using their unique ability to connect more than 5,000 airports across the country for humanitarian purposes. Recently, our industry facilitated the delivery of one million protective face masks and more than half a

million COVID-19 test kits from China. Other operators are using aircraft to transport medical supplies where they are needed most and assist with the logistics of moving medical equipment and personnel to communities experiencing a surge in cases.

Through NBAA's Humanitarian Emergency Response Operator (HERO) database, we recently formed a partnership with the American Hospital Association to connect supplies and services with hospitals across the country, including those in small towns and rural communities. This response builds on past relief efforts coordinated by the HERO database, including in the wake of major hurricanes, earthquakes, and other natural disasters.

Business and general aviation are resilient, and we will recover from this crisis; however, the road ahead will be very challenging. The CARES Act helped respond to some of the immediate challenges our community is facing, but additional long-term relief will be necessary over the coming months. Thank you for holding this hearing, and we look forward to continuing to engage with the Committee on efforts that will help our general aviation industry recover.