

STATEMENT OF ED BOLEN

PRESIDENT AND CEO

**NATIONAL BUSINESS AVIATION
ASSOCIATION**

BEFORE THE

SUBCOMMITTEE ON AVIATION

**COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE**

U.S. HOUSE OF REPRESENTATIVES

FEBRUARY 11, 2009

**STATEMENT OF ED BOLEN
PRESIDENT AND CEO
NATIONAL BUSINESS AVIATION ASSOCIATION**

Mr. Chairman and members of the Subcommittee, my name is Ed Bolen, and I am the President and CEO of the National Business Aviation Association. I am grateful for the opportunity to appear before you today. NBAA commends the Subcommittee for holding this important hearing to discuss the future of our national air transportation system and consider legislation for reauthorization of FAA. We strongly support your work to improve our nation's aviation system, which will also significantly contribute to economic growth and job creation. In these challenging economic times, the importance of a robust transportation system cannot be overemphasized.

NBAA was founded 62 years ago to represent companies that utilize general aviation aircraft as a tool for meeting some of their transportation challenges. NBAA and our Members are committed to working with Congress to transform and modernize the nation's aviation system. Likewise, we are committed to modernization policies that support the continued growth of each aviation segment, including general aviation, which plays a critical role in driving economic growth, jobs and investment across the U.S. We strongly support the shared goal of keeping our national aviation system the largest, safest and most efficient in the world.

General aviation is an essential economic generator, contributing more than \$150 billion to annual U.S. economic output, and directly or indirectly employing more than one million people. Most general aviation aircraft operating around the world are manufactured and/or completed in the U.S., and our industry is continuing to build a strong American manufacturing and employment base that contributes positively to our national balance of trade. Congress recognized just how fundamental general aviation is to our nation's transportation system, rural economies, manufacturing capability, and balance of trade when it passed the General Aviation Revitalization Act a little more than a decade ago.

FACTS ABOUT BUSINESS AVIATION

Business aviation, as many members of the Subcommittee know, is an FAA-defined term. According to the FAA, business aviation is the use of any general aviation aircraft – piston or turbine – for a business purpose.

From creating growth opportunities and global connectivity for America's small towns and rural areas to supporting the nation's productivity, business aviation is an important economic engine, creating jobs and investment, while contributing to the world's leading aviation system. Simply put, business aviation is a vital part of the nation's economy and transportation system.

The U.S. aviation system is fully integrated. Each player is critical to the success, strength and growth of our economy. The system is made up of three segments:

- Scheduled operations, including passenger airlines;
- Military, and;
- General Aviation.

General aviation (GA) includes diverse operations, with business uses that range from agriculture, to law enforcement, to fire and rescue services, to varied government, educational, nonprofit and business organizations. Servicing and supporting these organizations are FBO's, maintenance technicians, suppliers and service providers.

The business aviation fleet is dominated by pistons and turboprops, with over 80 percent of the 15,000 registered business aircraft in the U.S. having cabins about the size of an SUV, and flying on average less than 1,000 miles. The vast majority of these GA operators use small aircraft that seat no more than eight people.

A Vital Lifeline for Main Street

In small towns and rural areas across America, business aviation is an essential tool that enables businesses to thrive, grow and create jobs in their hometowns. That's because in many instances, there are no other transportation options that meet their needs.

Many small and mid-size businesses are located in areas without scheduled airline service. Businesses of all sizes require in-person travel for operations as sales, technical support and other types of customer service. Such trips may call for multiple stops in a short period of time or travel to remote locations. Often the distances are too long to drive or airline service is not available.

Eighty-six percent of business aviation flights carry marketing and sales personnel, technical experts, other company representatives and customers – not top company executives.

Businesses utilizing GA aircraft serve as job bases in many parts of the country. The names of these businesses may not be familiar to most people, but their ability to use an airplane means they can preserve jobs in the areas where they are located. Let me illustrate this point with two examples:

- First, consider MacNeil Automotive, which produces rubber floor mats for cars from a factory in Illinois. The company relies on its two business aircraft – a Beech Bonanza G36 and a Cessna Citation to transport measuring instruments that are too delicate to be shipped to auto manufacturers, and won't fit in an airliner's overhead compartment. They literally cannot conduct business without their airplanes.
- Similarly, Luck Stone - a family-owned supplier of stone construction products for homes in Manakin, Virginia - must have its King Air turboprop to efficiently manage its 16 sites located across the Southeastern US.

A Lifeline in Disaster and Emergency

The business aviation community is not only an economic lifeline for thousands of our nation's communities, but in times of crisis, it serves as an irreplaceable lifeline.

For example, in the days and weeks following Hurricane Katrina, hundreds of thousands of pounds of supplies were transported into small airports throughout the Gulf Coast region aboard business aircraft. These aircraft also were used to transport victims out of harm's way.

More recently, general aviation has snapped into action when there's a need to confront floods in the Midwest, fires in the West, or a whole host of other natural disasters. The business aviation community – working mostly on a volunteer basis – has been quick to help assess damage, rescue those affected by these disasters, and carry in lifesaving support and supplies to the affected regions.

The people who rely on a general aviation aircraft for business are also dedicated to helping provide lifesaving flights to the communities in which they live and work. Operations like the Corporate Angel Network arrange free air transportation for cancer patients traveling to treatment using the empty seats aboard business airplanes. They have arranged more than 20,000 lifesaving flights since their founding in 1981. Angel Flight America's seven member organizations and 7,200 volunteer pilots arranged more than 18,000 flights in 2005 alone to carry patients to medical facilities.

Veterans Airlift Command uses business airplanes and unused hours of fractional aircraft ownership programs to provide free flights for medical and other purposes for wounded service members, veterans and their families.

Veterans Airlift finds volunteers in the business aviation community to fly missions on request and contribute the full cost of their aircraft and fuel for the missions flown.

ECONOMIC CHALLENGES FACING GENERAL AVIATION

Unfortunately, the people and businesses in general aviation, like other industries, are weathering one of the worst economic storms anyone has ever seen. The impact of the flagging economy on the companies and communities that rely on general aviation is visible in all parts of the country.

General Aviation Manufacturing Has Been Hit Hard by the Economy

Some business airplane manufacturers including Adam Aircraft, Grob and Eclipse Aviation have been forced to declare bankruptcy. Other manufacturing companies have slowed production schedules and laid off thousands of employees.

Used General Aviation Aircraft Inventories are on the Rise

According to a J.P. Morgan analysis, inventories for used business jets rose continually from February through November 2008 to the highest level since the analysts began collecting such data in December 1995. Used airplanes can compete with newly manufactured airplanes and depress the market for airplane manufacturers.

General Aviation Flight Activity is in Decline

A J.P. Morgan analysis reported a 19.3 percent year-over-year decline in business jet flight hours. We have experienced 12 straight months of negative growth.

Small Airports are Operating "in the Red"

There are more than 5,000 airports located in communities of all sizes across the country, many of which are seeing their revenues plummet as general aviation flight hours decrease. For example, a leading aviation industry trade publication recently reported that a decline of nearly 20 percent in aircraft fuel sales helped drag the Salina Airport Authority's 2008 budget into the red.

FAA REAUTHORIZATION

Clearly, much has changed for the industry I represent in the two years since I testified before this Subcommittee on FAA reauthorization.

However, in spite of all the challenges faced by the business aviation community, one thing has remained constant – our continued support for comprehensive FAA reauthorization legislation and modernization of the nation’s air traffic control system.

We commend the Subcommittee for conducting a thorough examination of all of the issues during the 110th Congress, which ultimately resulted in the passage of H.R. 2881, the FAA Reauthorization Act of 2007.

This legislation provided funding for enhanced investment in FAA programs to modernize and expand the nation’s air transportation system. NBAA supported the goals of expanding system capacity through air traffic modernization and airport development, providing additional investment in safety programs and further developing key environmental initiatives.

H.R. 2881, as well as the compromise legislation that went to the Senate floor last year, proposed expediting the transformation of the aviation system by building on the existing funding mechanisms to support modernization.

Accelerating the transition to the Next Generation Air Transportation system will advance important national objectives including: further reducing the industry’s environmental footprint, reducing long-term costs at the FAA, enhancing safety, expanding system capacity and reducing congestion.

General Aviation has been at forefront of the modernization effort. We were early adopters of GPS navigation systems. GA also supported development of the ADS-B test program in Alaska – a test program that is now the cornerstone technology of the modernization effort.

Throughout the 110th Congress, a lengthy--often spirited--debate occurred in both the House and the Senate. Although a bill was not ultimately completed for reasons having nothing to do with FAA funding, we look forward to working with Members on both sides of the Capitol to finalize a bill as soon as possible.

Despite the current economic challenges facing the industry, we remain committed to aviation modernization through the following objectives:

- **Modernize the aviation system to one based on satellite technology.**

NBAA supports transitioning to a future aviation system that is satellite-based rather than today's ground-based navigation system.

- **Support aviation modernization through the proven, efficient fuel tax.**

The general aviation community has always financially contributed to the air transportation system through the payment of fuel taxes. These taxes are paid "at the pump," so there are no administrative costs for compliance. Fuel taxes should remain *the* mechanism for general aviation to help fund the FAA and help pay for system modernization. This is the approach which was taken in H.R. 2881, which raised GA jet fuel tax by 65%, to 36 cents per gallon to help pay for modernization costs. We continue to support this approach to expediting the NexGen transformation.

- **Reject operational user fees.**

The General Aviation community is unified in its opposition to user fees, which are costly and require a large bureaucracy to administer. They are confusing and time-consuming to process, ripe for dispute and economically detrimental to the general aviation community.

In conclusion, aviation plays a critical role in driving economic growth and investment across the country. Our air transportation system is critical to the nation's economy.

We are committed to working with the Congress to complete an FAA Reauthorization bill that achieves our shared goal of keeping the U.S. aviation system the safest, largest and most efficient in the world. NBAA and our Member Companies across the nation look forward to working with this Subcommittee to accomplish this vital national objective.