

TALKING POINTS: “TARP LEGISLATION”

- On January 9th, Chairman Barney Frank (D-MA) of the House Financial Services Committee included the same general aviation aircraft divestiture provision in his draft proposal for the reauthorization of the Troubled Assets Relief Program (TARP) that was included in the auto bailout bill in December. The provision requires that companies participating in the TARP program divest of any aircraft or leases.
- I understand that Congress and the Administration included this provision in the auto loan bill in December due to the criticism the CEO’s of GM, Ford, and Chrysler, and the provision was exclusively focused on these 3 companies. **The fact is that this provision, if replicated and applied more broadly, will immediately result in significant job loss across the country.** Efforts directed at the CEOs should not destroy the jobs of line workers. I strongly urge you to speak to Chairman Frank and ask him to remove this provision from the TARP bill.
- General aviation is vital to my state’s economic well being, not to mention the entire economy of the United States. General aviation contributes more than \$150 billion to the nation's annual economic output, and directly and indirectly employs more than a million people. And, most of the general aviation aircraft flying in the world are still manufactured in the U.S., contributing to our manufacturing and employment base, and adding significantly to our balance of trade.
- Enactment of this provision would be devastating at a time when general aviation manufacturers and operators are already suffering from a weak economy. The last thing we need is for Congress to pursue an effort that will ultimately weaken an important domestic manufacturing industry and critical transportation segment.
- Targeting general aviation is an unacceptable and counterproductive response to our nation’s economic situation which will cost us good, high-paying jobs throughout the United States.
- We urge you to consider the dire, unintended consequences that could cripple the general aviation industry, particularly during these difficult financial times. For example, Cessna and Hawker Beechcraft have already announced that they will do another round of layoffs. This time up to 3,000 employees, because of the worldwide recession. They are being forced to substantially decrease 2009 production levels and reduce their workforce accordingly. And two separate analyst reports issued last week noted that order backlogs are at increased risk due to rising pre-owned inventory and the economic recession. The provision will cause potentially large numbers of aircraft to be dumped on the market – a market that is already rapidly grinding to a halt. Those aircraft will directly compete with and supplant sales of new aircraft, causing manufacturers and suppliers to slash production and jobs. **The provision could not come at a worse time.**
- In light of this economic crisis, the last thing we want to do is hurt the ability of American companies to do the things that allow them to keep people working and to compete. This provision fails to recognize the critical importance of this mode of transportation to the success of U.S. businesses facing unprecedented competition, the economic development of small towns and rural communities, and the jobs of hundreds of thousands of U.S. workers. This provision

does not recognize that in many instances general aviation is the only method of transportation available or the most prudent and cost-effective solution to a given transportation challenge.

- Industry analysts have recently noted, general aviation flight operations are down, and fuel consumption has been off this year. Aircraft maintenance and repair shops are hurting. And Fixed Based Operators (FBO's) – the small businesses that service general aviation aircraft, many of which always operate at the economic margins - have been further stressed.
- The people and businesses in the general aviation community are weathering one of the worst economic storms anyone has ever seen. These workers include schedulers, dispatchers, maintenance technicians, pilots, training professionals, insurers, and many other disciplines – all good jobs, performed by good people. The work they do matters to the companies they work for, the communities they live in, and our nation as a whole.
- All of this is not to suggest that general aviation is always the best transportation option. Good businesses match the right transportation option with each trip. U.S. companies have integrated transportation policies to ensure that the most appropriate mode of transportation is used for a given mission. Surveys have shown that companies that use business aviation as a solution to some of their transportation challenges also rely heavily on the commercial airlines, purchasing \$12 billion worth of airline tickets annually. Still, general aviation is the most prudent and cost-effective transportation solution in a wide number of situations.
- There are 5,000 public use airports in this country – of which 500 have commercial service – making general aviation a lifeline to thousands of communities across the country and their only link to our nation's air transportation system.
- I understand the importance of absolutely providing the American taxpayers with the strongest assurances possible that any federal monies will be utilized to protect jobs, rescue troubled assets, and for positive structural reforms to the domestic economy. However, I urge you to craft this legislation in a manner which does not inadvertently harm a critical U.S. industry, particularly one so important to my state.

ADDITIONAL BACKGROUND INFO:

Congress has long recognized the importance of general aviation to our nation's manufacturing base, employment figures and balance of trade. In the early 1990s, when it appeared US general aviation industry was on the verge of collapse, Congress stepped in to pass general aviation specific product liability laws and eliminate the punitive industry specific taxes. The result was over one hundred thousand of new manufacturing and service jobs. When the industry was devastated following the 9-11 attacks, Congress accelerated depreciation to effectively stop growing general aviation job losses. Now, when the industry is being hammered by a global recession, it appears Congress may take steps that will exacerbate rather than alleviate industry job losses. This is not the time for Congress to turn its back on an industry it has always views as a critical for jobs, trade and technology.