



CONGRESS PASSES KEY FUNDING BILL THAT AIDS AVIATION

News / Finance



Aviation trade groups are applauding Congress for passing a \$2 trillion package of tax policy changes and funding for 2016 that will aid the aviation industry.

The legislation includes key funding for general-aviation manufacturers in safety, certification and alternative fuels for piston-engine aircraft and other measures.

The bill also makes an R&D tax credit permanent, and it extends bonus depreciation for five years.

The omnibus bill funds the U.S. government through Sept. 30, 2016. It now heads to President Barack Obama for his signature.

"We appreciate the strong support shown by Congress in this omnibus measure for general aviation, especially in the critical areas of safety, certification and the transition to an unleaded avgas," General Aviation Manufacturers Association (GAMA) CEO Pete Bunce said.

Making the R&D tax credit permanent is a "huge deal," and will help manufacturers continue to develop and deliver innovative and advanced safety-enhancing products, Bunce said. That helps spur greater technological development.

The legislation extends bonus depreciation for aircraft bought and placed into service from 2015-20. The rate begins at 50% for aircraft placed into service in 2015, 2016 and 2017, then slides to 40% in 2018, and to 30% in 2019, according to the National Business Aviation Association (NBAA).

Permanently extending the R&D tax credit will allow businesses that bring in \$50 million or less in gross receipts a year to potentially claim the credit against their Alternative Minimum Tax or employer payroll tax liability, GAMA said.

The bill provides \$1.25 billion for aviation safety, including full funding for FAA-certification activities. It also directs the FAA to "continue its efforts to more fully utilize Organization Designation Authorization (ODA) for aircraft certification processes, while improving ODA risk-based oversight and workforce training," and report to Congress on its progress.

In addition, the bill provides \$7 million to fund the Piston Aviation Fuels initiative, which will support a comprehensive testing program to move toward unleaded alternative fuels to the 100 low-lead aviation gas currently used in piston-powered aircraft.

"While we are pleased that Congress has agreed to extend bonus depreciation with a five-year phase out, we continue to advocate for permanent bonus or permanent full expensing, which would promote greater investments in general aviation aircraft," said Scott O'Brien, NBAA senior manager for finance and tax policy.

The National Air Transportation Association (NATA) agrees.

"The tax package is an important prelude to comprehensive tax reform and NATA will continue to work with our partners in the business community toward that goal," NATA President and CEO Thomas Hendricks said. "While accelerated depreciation is helpful to investment and the overall economy, the ultimate goal should be the immediate and full write-off of all business investment expenses."

According to the Tax Foundation, an independent tax-policy research group, permanently extending the provision would boost gross domestic product and wages by 1% and create 212,000 new jobs, NBAA said.

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