



EAA STATEMENT FOR THE RECORD - EXECUTIVE SUMMARY

U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

HEARING TO REVIEW AIR TRAFFIC REFORM PROPOSALS – H.R. 4441 – FEBRUARY 10, 2016

*The Experimental Aircraft Association **strongly opposes** privatizing, corporatizing, or otherwise removing the U.S. air traffic control system from the Federal Aviation Administration, as proposed in the Aviation Innovation, Reform and Reauthorization Act of 2016 (H.R. 4441). While EAA supports the need for stable and predictable funding for the FAA, ATC privatization, in our view, would not provide the claimed efficiency and financial benefits while introducing serious risks and consequences to general aviation and the U.S. economy.*

EAA's opposition is based on the following rationale, among others:

- 1) **Airspace and Air Traffic Service belong to the People:** The airspace system is a national asset. Privatizing air traffic control services away from federal control and congressional oversight and ceding it to a private board would result in authority monopolized by those with the greatest financial resources on that board.
- 2) **ATC board self-interest over public interest:** Representatives on a privatized ATC board weighted heavily toward airline and commercial aviation interests, would result in an immediate conflict of interest between maximizing profit for their own entities while minimizing costs (services) to areas not in their self-interest.
- 3) **A threat to current modernization progress:** While there have been problems with the FAA's NextGen timeline and execution, a privatized system would lack the will or resources to make comprehensive improvements to the entire ATC infrastructure.
- 4) **Services to general aviation and rural airports could disappear:** A privatized ATC corporation would have the power to first provide for the self-interests of commercial aviation by virtue of their economic influence on the system. Those without representation on the board would be shut out of resource allocation considerations.
- 5) **Creates a congressionally mandated monopoly managed by private interests:** This is not privatization that creates a competitive marketplace, but an entity that has total control over airspace access. Further, if the promised financial benefits do not emerge, the American taxpayer would be forced to pay for a system bailout.
- 6) **Open to unlimited civil and tort liability:** A privatized ATC corporation would be open to nearly unlimited liability for the entire airspace system and its operation and would have to insure itself against such liability. The cost of such insurance or losses would likely be extraordinary and an added burden to system users.
- 7) **FAA safety oversight compromised:** A privatized ATC system would operate at an "arms-length" regulatory relationship with the FAA whose operational safety oversight would be diminished. The new ATC corporation would need to duplicate the FAA's safety system at added cost and the possibility of conflicts of interest.
- 8) **Loss of public airspace access in case of national emergency:** The legislation would turn over control of the national airspace to the Secretary of Defense in times of national emergency, with no civilian input into the decision making over future airspace access. 9/11 demonstrated the risk of ceding control from civilian hands.

EAA proposes an alternate solution that maintains an equal playing field for all users:

The current Airport and Airways Trust Fund today provides more than 92 percent of the FAA's total annual budget. That number is expected to grow. Congress can "wall off" revenue obtained through current excise taxes exclusively for the U.S. airport and airways system and FAA operating budget while establishing an automatic annual appropriation of those funds to the FAA ensuring funding stability and predictability even in times of budget cuts or government shut down. A small General Fund contribution, representing the benefit to all Americans of the airways system, would provide the remainder of the FAA budget and serve as a cushion for periods of economic downturn when trust fund revenue naturally declines. This ensures continued congressional oversight and involvement.