

The perennial issue of civil aviation user charges has again come to full boil. Washington observers who have watched it simmer for the past 20 years are convinced that it will take what is becoming an increasingly abnormal act of Congress to cool it.

That abnormal act would be to buck the wishes of President Johnson, a course that has become a rarity within the legislative branch. For the President appears to be determined that civil aviation interests will foot the bill for the entire Federal airways system in payment for the "special benefits" they receive. The immediate user charges attempt is pegged to the cost of issuing certificates and inspection activities. But the trend toward complete recovery of airways costs is evident to learned observers.

The extent of the Federal Administration's dedication to this goal was made clear to some 40 Washington-based aviation organization representatives in April when FAA held a special briefing to divulge the latest user charge plans to be laid. Those plans, if adopted, allegedly would contribute about \$4,700,000 a year to the U.S. Treasury. And they would cost airmen varied amounts ranging from \$1 to \$30 for the privilege of making application for a certificate, rating or examination. Aviation manufacturers would pay anywhere from \$6,500 to about \$300,000 in unprecedented aircraft certification charges for their "special services and benefits."

This latest wrinkle in recovery of costs of the country's increasing bureaucracy was disclosed in the form of two draft notices of proposed rule making distributed at the special FAA briefing. The following day (April 18) they were issued as NPRM 67-17 and 67-18, Dockets Number 8114 and 1127, respectively. Deadline for submission of comments was set for July 18.

NPRM 67-17, titled "Airman and Ground Instructor Certification System and Fees for Certificate Applications," would revise the system for issuing airman, medical and ground instructor certificates; and establish application fees for new certificates or ratings and for conversion of existing certificates into the proposed system. NPRM 67-18, "Fees for Certain FAA Activities," would establish charges for "certain FAA activities conferring special benefits on members of the aviation community that are over and above benefits accruing to the general public."

Regarding airman licensing, FAA's proposal said, "the present certification system is primarily that in effect during the earliest days of the Civil Aeronautics Administration and it no longer serves the needs of the public, the aviation community, or the FAA. It necessarily reflects, and reflects upon, the airman records . . . their currency, the efficiency with which they can be maintained, the nature and value of the recorded information . . . and FAA's ability to extract needed information from these records. The problems created by

USER CHARGE HEADACHE BACK AGAIN

Perennial 'double taxation' controversy again rears its head, but newly proposed levy is dressed in garb of direct fees for airman and aircraft certificate applications

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the present system must be corrected. However, correction within the framework of the present certification system is impractical, would at best be only temporary . . . would invite repetition of current problems . . . and would not . . . produce the information that is required."

The gist of the proposal is that each present airman certificate holder would be required to convert his certificate into the new system over a period of two years, at a fee of \$1 (or \$5 if converted after that period). Thereafter, 10% of the airman population annually would receive a survey questionnaire to fulfill the needs of records keeping and other purposes, such as identifying areas of regulatory need and areas where present regulations are no longer appropriate or necessary. No fiscal charge would be attached to the questionnaire, but failure to accomplish and return it would mean suspension of the recipient's right to exercise the privileges of his FAA certificates.

In addition to fees for certificate conversion, charges also would be made for applications for certificates, ratings or "services" on the following basis (the fees would be required regardless of whether the certificate were actually issued):

Student pilot certificate: Issued or issued by FAA, \$2; or by a designated examiner, \$1.

Written test (if required) administered by FAA for: Certificate issued to a military or former military pilot under FAR 61.31, \$7; certificate issued to any other applicant, \$2; any added rating, \$2.

Practical tests (oral or flight, or both) administered by FAA for: Certificate or added rating issued to a military or former military pilot, \$10; private pilot certificate or added rating, \$20; commercial certificate or added rating, \$20; airline transport pilot certificate or added rating, \$35; flight instructor certificate or added rating, exchange of certificate under FAR 61.175 or 61.176, or renewal of expired certificate under FAR 61.177, \$30; renewal of unexpired flight instructor certificate under FAR 61.177, \$3.

Practical tests (oral or flight, or both) administered by a designated FAA examiner for any pilot certificate or added rating, \$2.

For any application for medical certificate issued under Part 67, a fee of \$4 is proposed, and application for a ground instructor certificate or added rating would cost \$7.

Applicants for certification as flight crewmembers other than pilots would pay \$2 for written tests and \$30 for practical tests administered by FAA, and \$2 for practical tests given by a designated examiner. Applications for airman certification other than air crewmembers would carry the following fees:

Inspection authorization issued under FAR 65.91, \$25; renewed under FAR 65.93, \$3.

Written test for: Senior parachute rigger certificate issued to military or former military rigger under FAR 65.117, \$6; certificate issued to any other applicant, \$2; any added rating, \$2.

Practical tests administered by FAA

for: Aircraft dispatcher, \$30; mechanic, \$25; added mechanic rating, \$25; parachute rigger, \$20; added parachute rigger rating, \$13.

Practical tests administered by a designated examiner for any certificate or added rating, \$2.

Proposed application fees for approvals, authorizations, certificates, permits or ratings related to aircraft, engines or propellers are more complex than those for airman certification fees. They would also be levied in addition to charges now made for aircraft registration, recording of aircraft titles and security documents, non-Federal navigation facilities, and fees for copying and certifying FAA records. The pro-

posed schedules for aircraft, operating and school certificate application fees are contained in the accompanying tables.

According to FAA, proposed airman certification charges would bring in about \$2,600,000 a year, and the new aircraft and other fees would add another \$2,100,000 to the take. Cost of collection has been estimated at about 3% of that total.

If those income estimates are extended to the entire airman population and to the total number of new aircraft produced annually, the average costs do not seem depressingly large. It would work out to an annual airman per capita bill of \$5.78 and an aircraft per

unit charge of \$140. Unfortunately, fees of this nature cannot be "averaged out" and it is reasonably suspected that general aviation airmen and manufacturers would share the brunt of this proposed financial burden.

And for what "special benefits?"

Both proposed amendments to the regulations point out that Title V of the Independent Offices Appropriation Act of 1952 states: "It is the sense of the Congress that any work, service, publication, report, document, benefit, privilege, authority, use, franchise, license, permit, certificate, registration, or similar thing of value or utility performed, furnished, provided, granted, prepared, or issued by any Federal agency . . . to or for any person . . . except those engaged in the transaction of official business of the government, shall be self-sustaining to the full extent possible."

It further provides that "The head of each Federal agency is authorized by regulation (which, in the case of agencies in the executive branch, shall be as uniform as practicable and subject to such policies as the President may prescribe) to prescribe such fee, charge, or price, if any, as he shall determine . . . to be fair and equitable taking into consideration direct and indirect cost to the government, value to the recipient, public policy or interest served, and other pertinent facts . . ."

President Johnson, in his message to Congress on the budget for Fiscal Year 1966, said, "I will continue to press for other user charges in government programs where benefits are provided to specific, identifiable individuals and businesses. Fairness to all taxpayers demands that those who enjoy special benefits should bear a greater share of the costs."

The Bureau of the Budget specifically identified airman certificates as an example of a service providing special benefits when it issued its Circular A-25 on Sept. 23, 1959. But a liberal interpretation of that document, which is used as the basis for FAA's current attempt to establish user charges, could conceivably put recipients of the fruits of virtually every governmental program—from agricultural through poverty to zoological—into that same "special benefits" category.

Although the most illustrious and longest-lived vehicle for assessment of aviation user charges—the issue of increased fuel taxes—was not dealt with directly at the recent FAA briefing, it was indicated by Administration officials that such a source of "special benefits" income is still prominent in active planning. It was intimated, however, that fuel tax will be dealt with in consideration by the Bureau of the Budget of a general tax structure revision.

AOPA's staff had not completed a detailed position report on this added assessment to general aviation as of May 1, but its attitude is one of strong opposition. Its advice to members who called in following issuance of NPRMs 67-17 and 67-18 was that they contact

TABLE 1
Proposed Application Fees
For Aircraft, Engines, Propellers

Item	Type Certificate		Production Certificate or Approved Production Inspection System	
	Original	Supplemental	Amendment	Original
Glider	\$6,500	\$65	\$2,500	\$250
Unpressurized single-engine (reciprocating) airplane (Part 21)	13,000	130	4,000	400
Pressurized single-engine (reciprocating) airplane (Part 23)	16,000	160	6,250	625
Unpressurized single-engine (turbine) airplane (Part 23)	19,500	195	7,750	775
Pressurized single-engine (turbine) airplane (Part 23)	26,000	260	10,250	1,025
Unpressurized multi-engine airplane (Part 23)	32,000	320	12,250	1,225
Pressurized multi-engine airplane (Part 23)	49,000	490	17,500	1,750
Unpressurized airplane (Part 25)	80,000	800	24,500	2,450
Pressurized airplane for flight at 25,000 feet or less:				
Gross weight under 55,000 pounds	94,000	940	25,000	2,500
Gross weight over 55,000 pounds	169,000	1,690	45,000	4,500
Pressurized airplane for flight at 25,000-45,000 feet:				
Gross weight under 55,000 pounds	131,000	1,310	25,000	2,500
Gross weight over 55,000 pounds	244,000	2,400	45,000	4,500
Rotorcraft (Part 27)	39,000	390	7,000	700
Rotorcraft (Part 29)	65,000	650	13,000	1,300
Balloon (Part 31)	160	2	40	4
Reciprocating engine for Part 23 or Part 27 aircraft	1,100	11	350	35
Turbine engine for Part 23 or Part 27 aircraft	1,800	18	500	50
Reciprocating engine for Part 25 or Part 29 aircraft	3,000	30	850	85
Turbine engine for Part 25 or Part 29 aircraft	5,000	50	1,300	130
Fixed-pitch or ground adjustable-pitch propeller for Part 23 airplane engine	300	3	125	13
Variable-pitch propeller for Part 23 airplane engine	600	6	200	20
Propeller for Part 25 airplane engine	900	9	450	45

their Federal legislators immediately, protesting these entire user charge schedules.

Traditionally, AOPA has opposed such special fees and user charges on the grounds that aviation services provided by the government to individuals, groups or organizations are not special benefits, but are services provided in the public interest; much the same as are agricultural and other Federal subsidies, national park and forest services, and Customs and Immigration services, among many others.

In 1961 the user charge issue made its annual appearance as a testimonial of executive branch ignorance of the nature of civil aviation. It was argued then that increased taxation based on fuel consumption would provide an accurate measure of the use made of and benefits derived from the domestic airways. AOPA pointed out, however, that such charges would be unfair because general aviation, which would absorb the bulk of those charges, had little requirement for many of the costliest items in the system.

Continuing controversy over the user charge issue reached another peak in 1965, when President Johnson, while advocating reductions in a variety of excise taxes, called for increases in those taxes in aviation and a few other areas. He said, "This special class of excise taxes is better described as 'user charges.' They are taxes paid by those who benefit from special services provided by the government. These user charges serve several purposes:

"They assess the costs of special services and facilities against those who reap the benefits, instead of imposing unwarranted burdens on the general taxpayer.

"They restrain the demands of special groups for expanded services by establishing the principle that the beneficiaries pay at least part of the costs.

"In the case of transportation, they help to eliminate the economic distortions which result when competing modes of transportation rely in varying degrees on facilities or services provided by the government."

AOPA observed at that time that "There is no explanation of why the Federal Government should be providing special services and facilities to those reaping benefits if it is not in the public interest for them to do so. Nor is it explained why warranted burdens on the general taxpayer have become unwarranted.

"Neither does the President explain how user charges will restrain special groups from demanding expanded services . . . it has often appeared that the pressure for expanded services has come from government officials seeking to enlarge the scope of their activities rather than from the consumers of the service provided."

Last year when user charges again rose to the Congressional surface, AOPA voiced its opposition to the entire concept as applied to use of the airways. In testimony before the House Ways

TABLE 2
Proposed Application Fees For
Approval, Authorization, Certification Or Permit

Item	Fee
Type certificate for import products	\$15 per hr.
Approval of production flight test procedure and flight checkoff form	2 (fee)
Airworthiness certificate issued by FAA inspector:	
Original for Part 23 aircraft	40
Renewal for Part 23 aircraft (under FAR 21.195)	10
Original for Part 25 aircraft	150
Renewal for Part 25 aircraft (under FAR 21.195)	40
Special flight permit for:	
Purpose stated in FAR 21.197(a)	5
Purpose stated in FAR 21.197(b)	50
Certificate issued under Delegation Option procedure:	
Type certificate	500
Amended type certificate	12
Amended production certificate	12
Parts manufacturing approval of design for:	
Individual material, part, process or appliance	15
Assemblies of two or more of above	30
Parts manufacturing approval of fabrication inspection system for:	
Individual material, part, process, or appliance	150
Assemblies of two or more of above	300
TSO authorization	150
Approval of design change	30
Approval for return to service	25

TABLE 3
Proposed Application Fees For Air Carrier And
Commercial Operations

Certificate	Fee
Domestic air carrier	\$10,000
Flag air carrier	10,000
Supplemental air carrier	9,000
Commercial operator (Part 121)	9,000
Rotorcraft external-load:	
One class of rotorcraft-load combinations (FAR 133.41)	70
Two classes, under FAR 133.41	80
Three classes, under FAR 133.41	90
Air taxi/commercial operator (Part 135)	110
Agricultural aircraft (Part 137)	70

TABLE 4
Proposed Application Fees For Schools And Other
Certificated Agencies

Certificate	Original	Added Rating
Pilot school	100	50
Reissue under FAR 141.5(a)	100	—
Approval under FAR 141.23	100	—
Repair station (without ratings)	100	—
Each rating	50	50
Change under FAR 145.15(a)(1)	100	—
Change under FAR 145.15(a)(4)	20	—
Change under FAR 145.15(b)	100	—
Mechanic School	100	50
Approval under FAR 147.41	100	—
Parachute Loft	75	35
Approval under FAR 149.27	75	—

and Means Committee, AOPA President J. B. Hartranft, Jr., pointed out that airways are provided in the public interest rather than as a special benefit to those who are required to obtain certificates in order to use them. User charges are a radical departure in Federal financing that encourage the government to provide services that private enterprise should supply, he claimed.

"Users already pay for airways and other special programs through general taxation and no proposal has been made to adjust the Federal tax structure to make adjustments for what would amount to double taxation," Hartranft declared.

Those "adjustments" appear to be in the offing—in the form of further added taxes. Reemphasis on FAA charges for direct services, such as handling certificate applications, could be intended to detract attention from the continuing effort to extract from civil aviation through added fuel taxes the full cost of the airways system. And in AOPA's opinion, many of the system's facilities are neither used nor wanted by general aviation. Therefore they represent anything but "special benefits."

FAA claimed that it carefully considered all ramifications of the proposed fees, keeping in mind its obligation to promote air commerce. "Every effort has been made to ensure that the proposed fees would be reasonable and equitable," the notices of proposed rule making stated. "No proposed fee would recover more than the personnel compensation and benefits costs incurred by FAA for those man-hours directly involved in issuing and processing certificates, based upon FAA records or technical staff estimates."

The precedent-setting case that taxed the strength of many arguments against user charges, as far as aviation was concerned, came in 1964 when the Federal Communications Commission established and made stick—over virtually the unanimous objections of the aviation industry—an application fee for

licensing of airborne radio transmitters. That fee, ranging generally from \$2 to \$10 for operator and station licenses, has been collected since 1966.

In its own latest proposals, FAA claimed that during Fiscal Year 1966 over 300 actions were taken by Federal agencies to establish such new fees or revise existing ones. But in the realm of aviation alone does there appear to be so strong and persistent an effort to extract from a single, rigidly governed group the full cost of that Federal control that has been defined as "special benefits" and "services."

As Hartranft told the House Ways and Means Committee last fall, the entire issue of user charges is far too complex to be irrevocably decided in the manner in which it appears thus far to have been regarded.

"If user charges are to be imposed in one area," Hartranft said, "reasonable equity demands that they be imposed in all areas simultaneously and accompanied by corresponding reductions and adjustments in the general tax structure. This means a complete overhaul of the Federal tax system, a task of no small magnitude and consequence. But anything less would be unfair and indefensible."

Issuance of the notices of proposed rule making on user fees resulted in an immediate flood of letters, wires and telephone calls to AOPA. As indicated earlier, AOPA advised that protests to FAA—even overwhelming opposition as reflected through the docket—though necessary, probably will not sway President Johnson's determination to ram the user charge issue through. The strongest means of overriding that attitude, AOPA believes, would be for those affected to saturate their Congressional delegations with expressions of protest; then hope that those elected officials recognize the far-reaching ramifications of this user charge concept and their own obligation to maintain a counterbalance against any unjust imposition of executive will. □

Cessna Reports

Increased Sales, Decreased Earnings

Cessna Aircraft Company recently reported that its consolidated sales for the first six months of its 1967 fiscal year reached \$105,327,000 as compared with \$99,361,000 for the same period in 1966. At the same time, Cessna announced that its earnings went down from \$7,467,000 in 1966 to \$5,563,000 for the six-month period ending March 31, 1967.

Dwane L. Wallace, Cessna board chairman, attributed the lower earnings to "increased costs of materials, labor and overhead." He indicated labor turnover and training costs had not eased up during the second quarter as anticipated, but pointed out, "We do contemplate improvement throughout

the balance of the year."

Wallace also said sales should "comfortably exceed those of last year, but it now appears doubtful that we'll equal last year's record earnings of \$4.13 per share." Cessna's first six months report for 1967 shows earnings of \$1.66 a share.

The Cessna chairman said capital expenditures for the year will be somewhat above last year, but will not be as great as had been originally programmed. "From a facilities standpoint," Wallace said, "we are in good shape and our expansions during the past two years have made it possible for us to handle increased volume, particularly in military programs." □