

MEMORANDUM OF OPPOSITION

S.7135 (Hoylman)

A.9053 (Carroll)

The **New York Aviation Management Association (NYAMA)** *opposes* this bill that is anti-job, anti-growth and would hurt economies across New York State.

In order to re-establish New York's competitiveness with other states, sustain and create quality jobs, and maintain aviation's strong contribution to the state's economy, the New York Aviation Jobs Act (AJA) was enacted as part of the state budget and became effective September 1, 2015.

This important economic development initiative was necessary to reverse destructive tax policies aimed at general aviation aircraft and combat more favorable tax treatment and aggressive marketing and airport-development strategies undertaken by other states in our region.

Incredibly, this legislation seeks to repeal the AJA that has already resulted in the location at New York airports of several revenue-producing and job creating business jets and their aviation-related activity as was predicted by AJA sponsors and supporters. NYS DOT strongly recommended creating incentives for attracting business jets to NY airports. Their data shows that on average each business jet means 5 direct on-airport jobs and \$1 million in annual economic activity for the state in which it is located.

Before the enactment of the AJA, NY had lost nearly 700 job- and income- generating aircraft over one 10-year span as a result of more favorable tax treatment of general aviation aircraft, particularly business jets, to surrounding states. The AJA was New York's answer to the need to create a competitive playing field.

The AJA is a vital economic development tool designed to put New York back on a par with other states regarding the tax treatment of the sales of such aircraft. NY is now looked upon as a state where long term investment in aviation is welcome, particularly for the basing of jets, the construction of hangars and other facilities and for maintenance and repair operations and fuel sales.

Among the many recent AJA success stories are:

Plattsburgh International Airport in Northern New York *has undertaken a variety of infrastructure projects over the last few years geared specifically to grow their General Aviation (GA) business. Projects included renovations to two 28,000 square foot hangars and construction of a GA Customs Facility. The addition of on-site Customs has resulted in an increase in GA traffic to the Airport and along with the renovations to*

the hangars and more favorable business climate created by the passage of the AJA have generated new opportunities for basing aircraft and doing business at the Airport.

Schenectady County Airport, where REVA Inc., the largest operator of aero-medical flights in North America, established its Northeast Flight Operations Center just months after AJA went into effect. REVA is leasing office and hangar space at a new 20,000 square foot hangar. The company now bases two Lear Jets at the airport creating 12 new, full-time jobs and intends to create about 50 part-time medical jobs as the company hires local registered flight nurses, paramedics, respiratory therapists, and physicians for medical-transport flights.

Orange County Airport, since the passage of the AJA, is at capacity with 170 based aircraft. We have waiting lists for hangars and tiedowns, and our corporate hangar space has been full without turnover for the last four years. OCA has a full-service flight school instructing our nation's future airline, corporate and military pilots averaging 600+ flight hours per month. This includes our BOCES educational program for high school students interested in aviation. The airport's based FBO's have added more than a dozen new jobs focusing on aircraft maintenance and flight instruction. Many of our based tenants have made aircraft and equipment upgrades as a result of the AJA. Additionally, OCA has experienced record fuel sales and well over 120,000 operations annually over the last four years. The AJA is vital to our future growth and competitiveness with the surrounding northeast states.

Republic Airport, Farmingdale, since the passage of the AJA, the airport has completed 3 hangars for 105,000 square feet of hangar space to accommodate new business jets, and there is another 35,000 square foot hangar under construction. This project anticipates adding another 4 hangars totaling another 83,900 square feet of hangar space to attract additional business jets.

Francis S. Gabreski Airport at Westhampton Beach, where another 23,000 square foot hangar was completed which attracted and is accommodating new business jets.

Floyd Bennett Memorial Airport, Warren County, Since 2015, 3 tenants have purchased 4 new jets; each create several jobs – pilots, maintenance, etc. Fuel purchases are up (350,000 gallons in the past four years, for which the state gets 4% sales tax). Two new hangars are coming on line this year that will be the future home of additional based jets or transient jets, who again will buy fuel and use services in Warren County. These hangars would not have been built if New York wasn't a good place to buy and operate aircraft, which has created demand for hangars.

Stewart International Airport, owned and managed by the Port Authority of NY & NJ, reports substantial increases in flight operations since AJA and has additional hangar development projects planned or already underway.

Long Island MacArthur Airport (ISP), In 2020, two (2) of the Fixed Based Operators at the airport will complete construction of two 30,000 sq. ft. aircraft storage hangars. Each of these hangars cost \$5M - \$7M in construction. These are the first new hangars to be constructed at the ISP in more than 20 years. All aircraft hangars are 100% leased, therefore demand has outpaced supply. The buildings represent aviation jobs

for aircraft maintenance, pilots, crew, air traffic, dispatch, construction, catering, fuel suppliers, aviation manufacturing and parts suppliers, cleaning and more. Demand for capital development is also growing for the airport, including increased interest in long term leases of airport property for aviation uses. More aviation jobs create a stronger and sustainable economy for all Long Island.

Greater Binghamton Airport, Evolution Jets aka Paradise Jets chose BGM as an East Coast base of operations as a result of the AJA. Without the assistance of this tax reform, BGM would not have been considered for the increase in tenants, economic impact, and operations. This tax reduction allowed our small airport to increase our revenue base with aviation businesses. This legislation also has given us another tool in our toolbox in which to recruit additional business to BGM. In addition, FirstAir (the FBO) offers a mechanic on duty for the Airline and General Aviation needs. BGM also now has a mechanic shop in Goodrich Aviation; Thus, as a result of the AJA, BGM has a total of 3 mechanics on the field where there previously were none.

These positive business decisions to ramp up investments in New York airports are in direct response to the enactment of AJA which significantly reduces taxes on aviation related sales and maintenance in New York.

It's clear that New York is now competitive for the first time in 20 years with the states of Connecticut, Massachusetts, Rhode Island, New Hampshire, Pennsylvania and New Jersey. Every jet based in NY creates \$1 million in economic activity annually.

Instead of celebrating and advertising this successful economic and business development strategy, the introduction of AJA repeal bills threatens to cripple the state's aviation industry and send a signal to businesses that New York can't be trusted to commit long term to tax policies that provide financial certainty to would-be investors in the New York economy.

Destroying the AJA would not hurt the 1% – the state's highest earners who are the stated target of those favoring repeal. Instead, it's the 50% – our middle-class workers and families who rely on the aviation industry for their livelihoods – who would suffer.

Before AJA, the revenue to the state from taxing planes was de minimis, as owners of business jets were basing their aviation assets in other states that have no tax or more favorable tax treatment. They will do the same if the AJA is repealed, further damaging our state's economy and aviation industry by eliminating middle-class jobs and reducing revenues like fuel taxes.

By rejecting this bill, New York will continue to build on this economic success story and benefit the entire state. The nation is experiencing a predicted recovery in aircraft sales and New York must remain positioned to take full advantage of this resurgence of business jet locations.

We urge that this bill be rejected and held from consideration.