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March 17, 2020

The Honorable Donald Trump
The White House
Washington, D.C. 20500

The Honorable Steven Mnuchin
U.S. Treasury Department
Washington, D.C. 20220

The Honorable Mitch McConnell
U.S. Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles Schumer
U.S. Senate
Washington, D.C. 20510

RE: Coronavirus Relief for the Aviation Maintenance Industry

Dear President Trump, Secretary Mnuchin, Speaker Pelosi and Leaders McConnell, McCarthy and Schumer:

The Aeronautical Repair Station Association (ARSA) appreciates and supports swift action by the administration and Congress to provide broad relief for workers and businesses affected by the current pandemic and its related disruptions. With conversations taking place regarding additional relief for particularly targeted sectors of the economy, including aviation, we ask that you ensure the thousands of U.S. companies that supply and support the aviation sector are not forgotten.

America's 4,000 Federal Aviation Administration (FAA) certificated repair stations and myriad parts manufacturing and distribution companies collectively employ more than 250,000 Americans in all 50 states and contribute \$50 billion annually to the U.S. economy.¹ Roughly 80 percent of maintenance companies are small and medium size entities.

Like their business aviation and airline customers, ARSA's members are concerned about the travel disruption's impact. While the full effects on employees and businesses will not be known for some time, we are already hearing that aviation maintenance work is being canceled and customers may be unable to pay bills. Those same ARSA members have told us they are worried about their ability to pay employees, getting access to capital to help their businesses stay afloat and workforce readiness when commercial aviation activity returns to normal.

Temporary Aircraft Maintenance Tax Credit

While any relief provided to all employees and small-to-medium sized organizations will be helpful to the long-term health of repair stations, additional measures will no doubt be needed for the entire supply chain for the aviation sector to survive intact. ARSA therefore proposes Congress and the administration create a temporary tax credit for airlines and other aircraft

¹ A state-by-state assessment of the maintenance industry's employment footprint and economic impact is at <http://arsa.org/wp-content/uploads/2020/03/ARSA-OW-MarketReport-Final-USStateByState-2020.pdf>.

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Charles Schumer, and Kevin McCarthy
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RE: Coronavirus Relief for the Aviation Maintenance Industry

operators equal to 50 percent of the cost of maintenance contracted to and performed by U.S. repair stations between April 1 and Dec. 31, 2020. Historically, tax incentives such as the highly successful depreciation bonus created after 9/11 have stimulated economic activity by encouraging businesses to shift future purchasing into the present. The temporary tax credit ARSA is proposing would encourage airlines and other aircraft operators to continue to contract for maintenance during the anticipated downturn.

Ensuring Repair Station Access to Capital

Additionally, we ask that you ensure individuals and companies certificated by the FAA to perform maintenance are eligible for any industry-specific grants, loans, tax relief or other programs and ensure that the amounts provided for those programs take anticipated maintenance industry revenue losses into account. We specifically request that you provide the industry access to at least \$11 billion split between grants (\$8 billion) and loans or loan guarantees (\$3 billion) to help cashflow and ensure liquidity.

The logic behind those numbers is as follows: There are 193,857 technicians working at repair stations. We are assuming disruptions will last through the end of 2020 (1560 hours – nine month's work - per employee) and an average hourly shop rate of approximately \$38 per hour. The amounts proposed above would ensure repair stations are able to maintain their present workforce for the next nine months, which will be essential to having the necessary capacity to perform maintenance when commercial aviation activity returns to normal. Maintaining the repair station workforce will also prevent large industry job losses that would put additional pressure on existing government benefit programs (e.g., unemployment insurance). Finally, our industry has long been suffering from a severe and well-documented technician shortage and maintaining a highly trained workforce is critical to ensuring the long-term stability of the entire U.S. aviation sector.

As you craft aviation-specific relief programs, it is also important to ensure that federal money provided to our members' airline customers through grants and loans is used to maintain operations and pay vendors during the downturn in order to support the health of the entire aviation supply chain.

Thank you for considering our recommendations and comments. We look forward to working with you to navigate the challenges before us, implement the policy solutions you enact and ensure the U.S. economy and aviation sector remain strong and competitive.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Klein', with a stylized flourish at the end.

Christian A. Klein
Executive Vice President