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Via E-mail with Read Receipt to:

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The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

RE: Application of Coronavirus Aid, Relief and Economic Security Act to U.S. Aviation Maintenance Industry

Dear Secretary Mnuchin:

Thank you for the administration's tireless work to confront the coronavirus pandemic. As the Treasury Department develops regulations and implementation mechanisms for the Coronavirus Aid, Relief and Economic Security (CARES) Act (Public Law No. 116-136), the issues discussed below must be considered to achieve the intended objectives with the broadest possible benefit for aviation maintenance companies and their employees.

As of March 9, 2020, the companies represented by the Aeronautical Repair Station Association (ARSA), viz. America's more than 4,000 Federal Aviation Administration (FAA) certificated repair stations, employed [more than 190,000 workers in the United States](#) and [contributed more than \\$25 billion annually to the U.S. economy](#). These companies and individuals play a critical role in ensuring the safety of the nation's civil aviation fleet. Just as airlines have been economically ravaged by the pandemic, so too have the repair stations that provide critical maintenance services to air carriers as contractors and subcontractors. The following issues will determine whether and how repair stations will be able to access CARES Act relief:

I. Repair Station Access to Air Carrier Worker Support Program Resources

Subtitle B of Title IV ("Air Carrier Worker Support") (Secs. 4111 – 4120) establishes a program to provide direct assistance to airlines, cargo carriers and airline contractors. The term contractor is defined at Sec. 4111(3) to mean:

- (A) person that performs, under contract with a passenger air carrier conducting operations under part 121 of title 14, Code of Federal Regulations –
 - (i) catering functions; or
 - (ii) functions on the property of an airport that are directly related to the air transportation of persons, property, or mail, *including but not limited to* the loading and unloading of property on aircraft; assistance to passengers under part 382 of title 14, Code of Federal Regulations; security; airport ticking and check-in

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functions; ground handling of aircraft; or aircraft cleaning and sanitization functions and waste removal; or

(B) a subcontractor that performs such functions. (Emphasis added.)

Because the list in A(ii) is non-exclusive, repair stations certificated by the FAA to perform maintenance under contract or subcontract for airlines should be eligible. It is hard to imagine a function more directly related to air transportation than maintenance, which ensures aircraft can operate.

Consistent with the statute, the regulations, etc. implementing the Act should ensure that repair stations that are contractors and subcontractors to airlines can access these important resources. Any regulations or guidance should make it clear that “functions” includes maintenance functions.

II. Air Carrier Worker Support Program – Subcontractor Definition

Similarly, subparagraph (B) in the definition, which relates to subcontractors who serve contractors and thus airlines, is non-exclusive. The statutory wording of “such functions” does not specify where those functions are to be performed.

It is the intent of the legislation that companies serving the airline industry that are affected by the pandemic-related disruptions should have access to resources to compensate employees. Thus, we urge that the statutory language of “subcontractor” be construed by the Treasury Department in the same manner as those terms are defined by the FAA under 14 CFR part 120. So, for example, a repair station should be able to access the resources regardless of its location if it is under contract with an airline, a contractor or another subcontractor to perform maintenance functions for any one or more of these entities on engines, components, etc. removed from air carrier aircraft.

III. Air Carrier Worker Support Assurances

Sec. 4114 of the Act requires companies seeking financial assistance to make certain assurances, including refraining “from conducting involuntary furloughs or reducing pay rates and benefits until September 30, 2020.” Unlike other sections of the Act, this is not expressly tied to a “start date” for measuring such actions. Accordingly, the restriction should only be effective as of the date the recipient enters an agreement for the resources, not before.

IV. Taxpayer Protections

Sec. 4117 of the Act provides that:

The Secretary *may* receive warrants, options, preferred stock, debt securities, notes, or other financial instruments issued by recipients of financial assistance ... which, *in the sole determination of the Secretary*, provide appropriate compensation to the Federal Government for the provision of the financial assistance. (Emphasis added)

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The statutory language provides you discretion on whether to seek these assurances. Given the challenges facing aviation maintenance companies in the current economic environment, we urge you to not to invoke this requirement as doing so will add unnecessary complexity and unknown financial burdens that could undermine the creditworthiness of companies in dire need of assistance.

We believe that these interpretations are within the language of Act and its intent and, if adopted, will achieve the objective of stemming massive aviation job losses.

Thank you for considering our comments.

Sincerely,



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