

**STATEMENT OF
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**REPRESENTING THE
NATIONAL BUSINESS AVIATION ASSOCIATION**

**BEFORE
THE COMMITTEE ON SMALL BUSINESS
U.S. HOUSE OF REPRESENTATIVES**

**REGARDING
THE FEDERAL AVIATION ADMINISTRATION'S
IMPACT ON SMALL BUSINESSES IN THE GENERAL
AVIATION INDUSTRY**

FEBRUARY 5, 2014

Chairman Graves, Ranking Member Velázquez and members of the Committee, my name is Jamail Larkins, and I'm a businessman from Atlanta, Georgia.

I'm pleased to be here as a proud member of the National Business Aviation Association. My company, Ascension Aircraft, has been a member with the association since 2008.

While NBAA often appears before Congressional Committees to represent its Members, this is the first time I've testified before Congress. It's a privilege to be here.

Business Aviation: A Big Benefit for Small Businesses Across the U.S.

In 2008, I founded Ascension Aircraft, and today I serve as the company's CEO. Although my company is a regional leader in the sale of fractional-ownership shares of piston aircraft, the business employs just 19 people, including myself.

Over the years, I have found that one of the most effective ways to *sell* business aircraft is to *use* business aircraft. With a business airplane, I can quickly seize opportunities as they arise. The airplane enables me to meet face-to-face with potential clients, providing a level of service and accountability that helps me get a leg up on my competition, and build my company.

Of course, many of my clients are small business owners and entrepreneurs themselves. They are often located in out-of-the-way places, and like me, they recognize the many benefits an airplane can bring to their enterprises.

With a business airplane, an entrepreneur can travel to multiple cities for meetings in a single day, return to headquarters that same evening, and be back in the office the next day. With an airplane, a businessperson can transport tools or products that may be too large to fit into an airliner's overhead bin, or too delicate to be checked into an airliner's cargo hold. With a business airplane, an entrepreneur can efficiently manage work sites that are distant from each other, and are often located in small towns with little or no airline service.

Simply put, for many small business owners and entrepreneurs – people like me – the use of an airplane is vital to success. It is the tool that makes the business model work.

Interestingly, you don't often hear about companies like Ascension Aircraft when people talk about business aviation. Instead, people tend to focus on large Fortune 500 companies. But for every Fortune 500 company that relies on business aviation, there are eight or nine companies like mine – in fact, the business aviation community is made up mostly of small and mid-size enterprises.

Every member of this Committee has small businesses like mine in their state. And the use of an airplane often enables those companies, and the jobs that come with them, to remain in communities that can sometimes be harder to reach than the metropolitan areas.

That's a win not just for the companies using the airplanes, and their employees – it's a win for the countless thousands of workers at community airports where business aircraft fly. It's also a win for the many additional thousands of employees in the towns surrounding those airports, because their businesses often exist due to the activity at the local airfields.

The reason you've asked me here today is not just to talk about the benefits of business aviation to small enterprises, but about how the work of the Federal Aviation Administration affects those of us with small businesses.

If there is anything I'd like you to take from my testimony, it is this: The United States not only has the world's largest, safest, most diverse and most efficient aviation system – it is also the best system in the world for allowing small companies like mine to optimize business aviation, so that we can succeed in today's enormously competitive global economy.

That said, while America's aviation system is an enormous public benefit – one that should continue to be run by the government, with oversight from Congress – there are a number of ways the FAA could strengthen its relationship with the small business community, so that the policies and procedures involving the agency are more workable and effective, for the both the agency and the businesses that rely on an airplane.

In fact, I would offer that because business aviation is more regulated than other industries, the relationship between the FAA and the small businesses utilizing aircraft must be a productive one – not just today, but also when we think about the aviation system of the future, and how small businesses like mine will operate in it.

A Highly Regulated Community, A Need For FAA/Industry Collaboration

When we think about the regulatory regime for business aviation today, we know that, largely for safety reasons, stringent policy requirements are appropriately placed upon the industry.

The services needed to meet those requirements are largely provided by the FAA, which makes the agency critically important to the business aviation community. And when those services go unmet, or when onerous policies are implemented – sometimes without sufficient industry input – business aviation suffers, and its benefits to citizens, companies and communities, is jeopardized. Here are four examples to illustrate my point.

Example 1: Government Shutdowns Take A Terrible Toll on Industry

We know that the government shutdown last year led to the closure of the FAA's U.S. Aircraft Registry. As a result, aircraft could not be purchased, sold, imported, exported, and in some cases, flown.

I'm in the business of selling aircraft, so I have a first-hand understanding of the toll the registry shutdown had on companies in my line of work. These are mostly small businesses, often family owned, and comprised of just a few people. They're located across the country, and when the government was shuttered, their business was stuck in an unending layover.

Fortunately, after 17 days, the government shutdown concluded, and the registry was reopened. But, the effects of the shutdown were felt by many in the aircraft-transaction business for weeks following the shutdown. Government and industry would be well served by working together to ensure that if a shutdown were to occur again, the registry would remain open.

Example 2: Aviation-Business Approval Backlog Has Hamstrung Job Creation

We also know that FAA policies are central to the operation of small aviation businesses, such as training centers, flight schools and on-demand charter operators, which require approval from the FAA before conducting business.

At the same time, as FAA resources are dwindling, the backlog of businesses attempting to gain certification and begin soliciting customers has swelled to nearly 1,000. Some businesses have been told that their wait for approval could take two to three years.

We know that small businesses like these are the lead drivers of job creation and economic investment in the U.S., which means we need for the FAA to find ways to streamline its start-up approval processes. That way, the growing number of general aviation businesses facing these needless delays can be approved to get underway, creating jobs and investing in local communities.

Example 3: Some Complicated Operating Requirements Need Streamlining

On the operations side of the industry, we know that many companies use aircraft that are subject to a raft of often-complex government requirements, related not only to equipment with specific navigation, communication and surveillance capabilities, but also requirements for specific government approval for the operator to use that equipment onboard the aircraft.

Among these requirements are rules for approval of aircraft operations using equipment allowing for Reduced Vertical Separation Minima (RVSM). Thanks to government/industry collaboration, RVSM-authorization requirements were recently smoothed, even as important safety standards were protected. There are many

other, similar authorizations that could be streamlined as well, reducing the burden on businesses and government officials alike.

Example 4: Alarming New Policies for Pilots Are Emerging, Absent Industry Input

As an additional matter of concern for business aviation, I'll point to a policy under consideration that members of this Committee are likely familiar with: the FAA's controversial plan to begin subjecting pilots with a body mass index (BMI) of 40 or greater to Obstructive Sleep Apnea (OSA) screening prior to receiving a medical certificate.

When this plan was introduced at the end of last year, NBAA, and its Member Companies – like mine – were alarmed. It seems that available data to confirm a link between OSA and flight safety is lacking, and that there is no clear indication that an additional screening requirement would improve aviation safety.

Just as troubling, the vast majority of pilots weren't provided an opportunity to learn of the FAA's plans, or been given a mechanism for providing feedback on the proposal. As a businessperson who has been a certificated pilot since my teenage years, this is a troubling development.

Mr. Chairman, the legislation which you and several of your Small Business Committee colleagues joined in co-sponsoring – H.R.3578 – would require the FAA to consult with industry stakeholders through the established rulemaking process before issuing any final requirement for pilots to undergo OSA screening.

It will also require the FAA to conduct a fully transparent, data-driven justification process for its proposal, which takes into account the full spectrum of costs, benefits and other important criteria before any OSA rule or regulation can take effect.

The Senate has introduced similar legislation. On behalf of NBAA and its Member Companies, I want to thank you and other Congressional leaders for supporting these measures.

So, Mr. Chairman and members of this Committee, as I said, it's clear that the relationship between the FAA and the small businesses operating in the aviation system which the agency manages, is a critically important one. And, with the four examples I just mentioned, there are ways we can enhance that relationship today. We can make it a more collaborative, effective relationship.

But equally important, we must ensure that, as we look to the future of the aviation system, government leaders understand what small business owners, and other stakeholders in general aviation, consider fundamental to America's continued aviation leadership.

An Imperative to Continue Strengthening A World-Leading Aviation System

When it comes to preserving the nation's leadership in the aviation arena, we know that much of the debate about how best to do that will take place in the context of the coming FAA reauthorization.

While the current authorization does not expire for almost two years, discussion on the next one has appropriately begun. And, it's with that in mind that I'll note the industry's long-standing, united view on some guiding principles for FAA reauthorization, and the related imperative of continued aviation system modernization.

- First, when it comes to paying for use of the aviation system, the fuel tax works best for everyone in general aviation. I know that, in past reauthorization debates, user fees have been proposed from some corners as a replacement for the fuel tax. As a small business owner, I also know that we don't need user fees – and the giant federal bureaucracy needed to collect them – when fuel taxes have long been an efficient, reliable and proven method of collecting revenue to support aviation-system management and modernization.
- Second, as I mentioned earlier, the general aviation community continues to believe that direct Congressional oversight of the FAA funding system is necessary to ensure the availability of stable, consistent funding levels for our national aviation system. Congressional oversight will also ensure that the specific needs of all aviation industry stakeholders are taken into account when it comes to aviation policymaking.
- Third, a continued, strong. federal-funding commitment is necessary to maintain the strength of our national air transportation system.

I know that there will be a robust debate in the coming months on this issue, and I very much appreciate this opportunity to share with this committee my views as a small business entrepreneur who depends on our national aviation system to conduct and expand my business.

In conclusion, Mr. Chairman and Ranking Member Velazquez, I also appreciate the strong leadership you provide, and the bi-partisan support which this committee extends to the small business community.

I look forward to responding to any questions you may have. Thank you.