ISSUE BRIEF
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Maintaining the Aviation Fuel Excise Tax Credit for Aerial Applicators

Since 2005, aerial applicators have been eligible for federal fuel tax relief, similar to farmers, because neither typically use their equipment on federally-funded transportation infrastructure like public airports or federally-funded highways.

Federal excise taxes levied on fuels used on a farm for farming purposes, including aerial applications, qualify for either a full tax credit or refund. The current exemption applies to both Jet A fuel used in 72 percent of agricultural aircraft (turbine engines), and Avgas used in 28 percent of agricultural aircraft (piston engines).

The Aerial Applicator Exemption Should Be Maintained

Aerial applicators seldom use the services the fuel tax pays for, if at all. Fuel tax revenue goes into the Airport Improvement Program (AIP) to fund public use airports and the air traffic control system – neither of which are typically used for agricultural aviation. As such, certain exemptions should be granted to aerial application businesses for the transportation of crop protection products, as well as fuel or equipment for the application of crop protection products, similar to the exemptions given to farmers.

Fifty-eight percent (59%) of aerial application operations are based at private airports, which receive no federal funding and must be maintained by the applicator. Furthermore, if an aerial applicator were to use a public airport, the FAA has established rules and regulations [see FAA's Airport Compliance Handbook (Order 5190.6A)] providing guidance for these public airport entities to recover costs through fees and other charges to make the airport self-sustaining. Aerial applicators are charged these fees if they use these airports.

Fifty-five percent (55%) of aerial applicators said they never have reason to contact air traffic control (ATC). An additional 18% said they contact ATC less than five times a year. The remaining 27% said they contact ATC six or more times a year.

The fuel tax exemption for aerial applicators mirrors farmers' fuel tax exemption for terrestrial vehicles such as tractors. Farmers consume most of their fuel in the field, not on roads, just like aerial applicators consume most of their fuel outside of air traffic controlled-airspace and use their own privately-funded airstrips.

If this exemption is not maintained, aerial applicators would be charged over $20 million per year, or a devastating $15,000 per aerial application business, which are almost exclusively small businesses.

The aerial application industry, as represented by the NAAA, respectfully requests Congress maintain the exemption from excise taxes on aviation fuel used for farming when considering additional revenue streams.

About NAAA

The National Agricultural Aviation Association (NAAA) represents the interests of the 1,560 aerial application industry owner/operators and 2,028 non-operator agricultural pilots throughout the United States licensed as commercial applicators that use aircraft to enhance food, fiber and bio-energy production, protect forestry, and control health-threatening pests. Furthermore, through its affiliation with the National Agricultural Aviation Research & Education Fund (NAAREF), NAAA contributes to research and education programs aimed at enhancing the efficacy and safety of aerial application.

Contact Andrew D. Moore, NAAA's Chief Executive Officer, at admoore@agaviation.org or (202) 546-5722 with any questions regarding this issue, or any other related to the aerial application industry. Find more information at agaviation.org

Importance of the Aerial Application Industry

Aerial applicators **annually treat**:

- 127 million acres of cropland (28% of the treated commercial cropland nationwide)
- 5.1 million acres of forest land
- 7.9 million acres of pasture and rangeland
- 4.8 million acres for public health and mosquito control

Aerial application is often the **only tool** to:

- Expeditiously eradicate a pest before it destroys a crop.
- Treat crops on rolling hills or in fields with soil too wet for ground applications.

The aerial application industry represents **$37 billion in value** to farmers, input suppliers, processors and agricultural transportation and storage industries.

Without the aerial application of pesticides, the US would see annual losses of:

- 1.69 billion bushels of corn
- 199 million bushels of wheat
- 548 million pounds of cotton
- 295 million bushels of soybeans
- 3.33 billion pounds of rice

The total area of cropland needed to replace the yield lost if aerial application was not available for corn, wheat, soybean, cotton, and rice production is **27.4 million acres**, an area roughly the size of Tennessee.

Aerial applicators seed 3.8 million acres of cover crops annually[2], **sequestering over 2 million tons of CO_2**. According to the EPA this would be the equivalent of removing approximately 412,000 cars with carbon-combustion engines from the roads each year.

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[1] National Agricultural Aviation Association. May 2019. "2019 NAAA Aerial Application Industry Survey: Operators." agaviation.org/2019-naaa-operator-survey

[2] Dharmasena, S. 2020. "How Much is the Aerial Application Industry Worth in the United States?" Research presented at the 2020 Ag Aviation Expo, Savannah, GA. agaviation.org/aat-expo-presentations