

April 12, 2016

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Barbara Boxer
United States Senate
112 Hart Senate Office Building
Washington, D.C. 20510

Subject: Federal Aviation Administration (FAA) Rule 78 FR 69789 – Request for Assistance

On behalf of MuniServices we are writing to request assistance with the above-referenced Federal Aviation Administration (FAA) ruling that has a consequence of diverting aviation fuel tax revenues from local communities. MuniServices concern is with respect to those revenues requiring the approval of local voters. MuniServices believes local voter-approved revenues should be exempt from the FAA ruling and would appreciate your assistance and an opportunity to work with stakeholders to protect local voter-approved revenues from the rule. MuniServices was made aware of the ruling in early 2015, after the rules effective date.

California voters in 1996 approved Proposition 218, Right to Vote on Taxes Act, to protect taxpayers by limiting the methods by which local governments can create or increase taxes. The FAA ruling directly impacts California's Constitution Proposition 218. A change to the FAA rule, to exempt local voter-approved revenues, will preserve the trust of voters.

MuniServices has been in contact with FAA staff and appreciates the assistance to help understand the implementation requirements for our local agency clients. The rule includes an unfunded mandate, and issue with some of the taxpayers that comingle sales tax reporting of their retail gas station locations not at an airport and/or non-fuel related sales and their jet fuel sales. The rule also requires the impacted local agencies to create and maintain an extensive "tracking system" to identify, track and segregate the revenue.

State and local governments provide many services to the airports that are funded from general sales taxes, including infrastructure, transportation, fire and public safety. Other services include lighting, security, roadways, buildings and terminals, and noise controls, etc., and these far exceed aviation fuel revenues. In some cases, state and local governments or airport authorities use tax-exempt bonds to fund major capital improvements. The redirecting of the revenues creates a burden for jurisdictions that must pay for the services for the entities benefiting from the ruling shift.

Over 1000 agencies in the Country, which include over 200 in California cities, counties and transportation agencies, partner with MuniServices to help preserve, enhance and protect local revenues. MuniServices requests your assistance to work with stakeholders to ensure that local voter-approved revenues are exempt from the FAA ruling.

Respectfully,



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cc: California House of Representatives