

BOB DOLE



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TAX BILL PROVIDES RELIEF TO GENERAL AVIATION INDUSTRY

Washington, DC -- A crucial provision designed to give relief to the general aviation industry was retained by conferees negotiating the final version of federal tax reform, Senator Bob Dole (R-KS) said today.

The provision makes the investment tax credit, which expires on January 1, 1986, under the tax reform bill, available to purchasers of certain classes of general business airplanes until December 31, 1986. Dole said that this provision is targeted to the nearly 300 unsold general aviation aircraft which are currently either completed or which are already significantly under construction.

Dole, a member of the conference which resolved differences between the Senate and House tax reform bills, indicated that "obtaining relief for the troubled general aviation industry was my number one priority when it came to transition rules."

"The general aviation industry has been severely depressed for the last several years," Sen. Dole said. "This situation has been worsened in 1986 by the uncertainty over the availability of the investment tax credit. Potential buyers have stayed out of the market altogether until Congress clarified the investment tax credit. The impact has been severe in Kansas, where general aviation manufacturing is headquartered. I saw this as a real opportunity to bring life to the market."

"Making the investment tax credit available until the end of the year should provide a real spurt to sales. Manufacturers - Beech, Cessna, Fairchild, Gates Learjet, Gulfstream, and Piper - will have an opportunity to reduce a big backlog of inventory, and allow them to plan for the future. By helping clear this inventory of existing aircraft, we are ensuring the viability of

certain manufacturers to stay in business - and we all know that means protecting jobs," Sen. Dole said.

"Major changes in the tax code do not come without pain to some companies and industries. In some cases, we try to provide transition rules in order to alleviate unfairness and economic dislocation. The transition rule for general aviation is a perfect example of targeting relief to an industry which desperately needs it, and which has been disproportionately impacted by the tax reform process. It does not involve the creation of new tax benefits - it merely extends the current law through the end of the year," Sen. Dole explained.

"If this rule helps our manufacturers move the inventory, it could mean selling up to \$442 million worth of aircraft - more than has been sold the entire first six months of this year," elaborated Sen. Dole. "And if this gives us some light at the end of the tunnel, this rule makes sense for the industry and for the taxpayers. For the sake of thousands of general aviation aircraft workers I know it makes sense."

Dole said the tax rule has been narrowly drawn, applying only to planes which have 19 or fewer seats that are already in inventory or for such planes which are now being built. The tax credit will be available only to buyers who purchase general aviation aircraft before Dec. 31, 1986 and who place the aircraft in service by July 1, 1987.