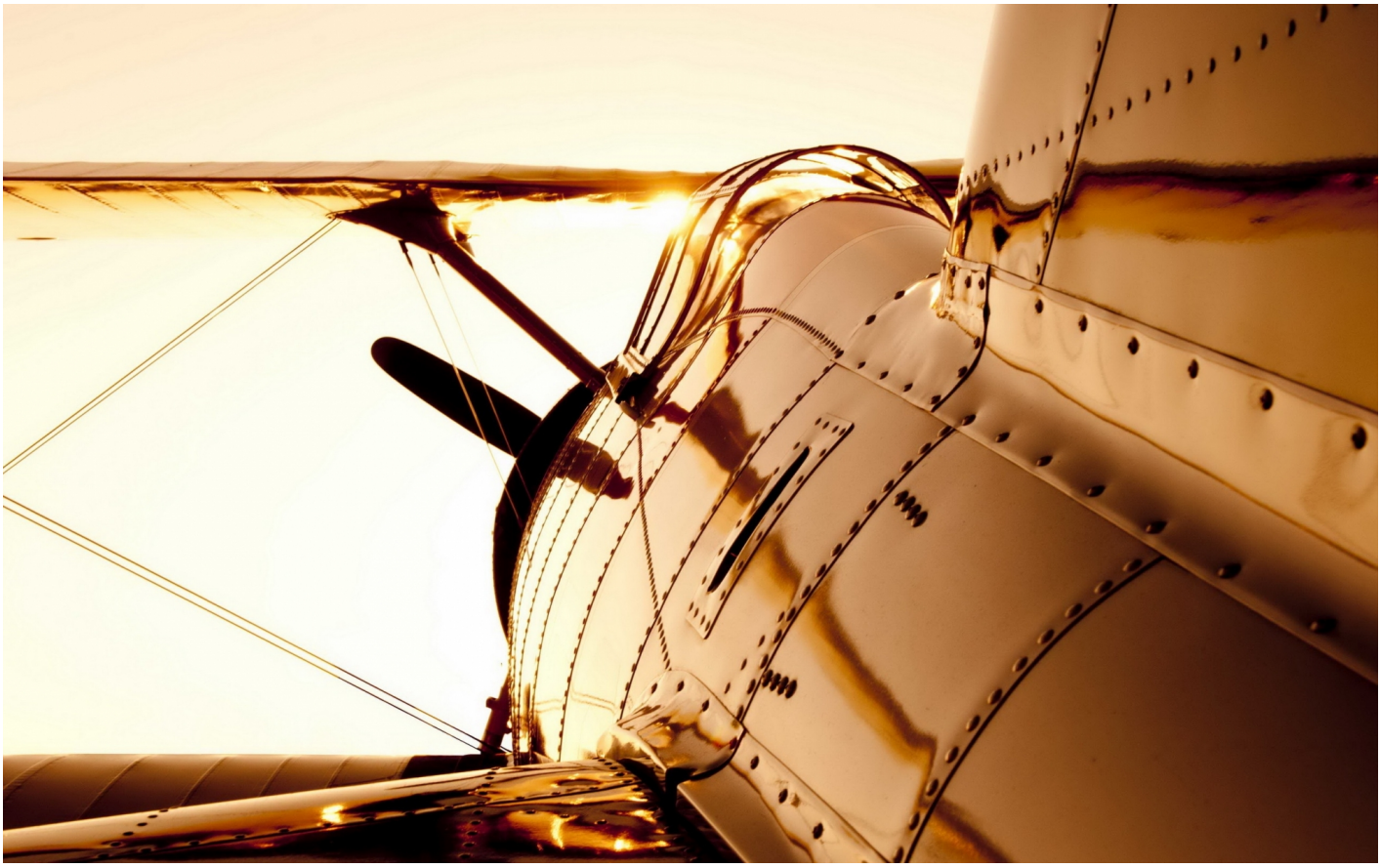
OMNIBUS BILL INCLUDES TAX BREAK EXTENSIONS, FAA FUNDING

News / Business aviation



The U.S. House and Senate are set to begin consideration of a sweeping government-wide funding and tax package that would provide nearly $16.3 billion for the FAA in fiscal 2016 and renew **key tax breaks** such as the research and development credit and bonus depreciation.

Lawmakers unveiled the package late on December 15, shortly before the deadline of the most recent stogap funding extension. Congress approved a third short-term funding extension, this time through December 22, to give it time to finish work on the omnibus bill. The bill is controversial since it is a compromise between measures sought by both Republicans and Democrats, and several lawmakers have indicated plans to vote against it. But the White House has indicated that if passed, the President would sign it.

Notable to the aviation community are several sought-after tax breaks. The bill would make permanent two key measures: the research and development tax credit and the Section 179 expensing for small and medium-size businesses.

In addition to making the R&D credit permanent, the section also would permit small businesses ($50 million or less in gross receipts) to claim a credit against alternative minimum tax liability beginning in 2016. The bill also permanently increases the maximum amount and phase-out

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.

threshold in 2015 and 2016 for Section 179 expensing to $500,000 and $2 million, respectively. This is up from the current amounts of $25,000 and $200,000 respectively.

Bonus depreciation, meanwhile, would be extended through 2019. The measure permits a bonus depreciation of 50 percent for capital equipment purchased and placed into service through 2017. Bonus depreciation would phase down to 40 percent in 2018 and 30 percent in 2019.

National Air Transportation Association president and CEO Tom Hendricks said the Section 179 expensing and five-year extension of bonus depreciation “finally provide aviation businesses with the investment certainty needed to make long-term capital investments. While NATA was appreciative of the previous year-to-year extensions, the full stimulative effects of these provisions were weakened by renewal late in calendar years.”

As for FAA funding, the agency would receive an increase over the $15.884 billion authorized for fiscal 2015. The funding includes a total of $2.9 billion related to NextGen programs throughout the agency. This is $255 million more than the fiscal 2015, something that NATA noted “demonstrates the congressional budget process can provide the FAA with the funding it needs to operate and modernize our nation's air traffic control system without having to resort to extreme proposals including the creation of a separate, user-fee-funded air traffic control corporation.”

Lawmakers shaved less than $6 million off the agency’s request for its operations. The omnibus bill would provide about $9.909 billion for operations, of which, $7.22 billion would come from the aviation trust fund. The bill would fully fund the request for the air traffic organization and aviation safety. Cuts would come from staff offices. Congress also is authorizing a $500,000 cut in NextGen and operations planning.

The operations funding includes money for the hiring of more than 1,500 air traffic controllers in 2016 and $154.4 million for the contract tower program. The bill also directs the FAA to more fully use the Organization Delegation Authorization program and report back within six months on progress there.

Lawmakers matched the White House request in facilities and equipment of $2.855 billion with some adjustments in the GPS and WAAS accounts. Likewise, research, engineering and development activities were funded as requested at $166 million. The fund includes money for unmanned aircraft systems research and environmental efforts.

Lawmakers also are calling for the continuation of requirements to block aircraft situational display information upon request, as well as the ban on increasing the weight threshold at Teterboro Airport in New Jersey.

The Airport Improvement Program would receive $3.35 billion, up from the administration request of $2.9 billion. That request assumed an increase in the limit on passenger facility charges, but Congress has not yet agreed to such an increase.

18 DECEMBER 2015

SOURCE: AIN
ARTICLE LINK:
https://mfa.50skyshades.com/news/business-aviation/omnibus-bill-includes-tax-break-extensions-faa-funding

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.