



Aviation Group Client Update

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FAA PROPOSES CLARIFICATION TO POLICY ON USE OF AVIATION FUEL TAXES

On [November 21, 2013](#), the FAA proposed to clarify its Policy and Procedures Concerning the Use of Airport Revenue with regard to the use of taxes on aviation fuel.

Under the [existing policy](#), which was issued February 16, 1999, airport operators that have accepted Federal assistance may generally use airport revenues only for airport-related purposes. This requirement is known as Grant Assurance no. 25, *Airport Revenues*, and it applies to certain state and local taxes on aviation fuel as well as to revenues received directly by the airport operator. The FAA's proposed clarification requires airport operators or state governments applying for financial assistance from the Airport Improvement Program ("AIP") to provide assurances that revenues from state and local aviation fuel taxes will be used for aviation-related purposes, including (1) airport capital and operating costs, and (b) state aviation programs.

The amended policy would apply prospectively to the proceeds from new taxes and to existing taxes that are not grandfathered from revenue use requirements. The FAA has requested comments on the proposed policy clarification; it also requests comments on whether there are other reasonable interpretations that should be considered by the FAA. The deadline for comments is **January 21, 2014**.

If you have any questions or would like further information regarding this Proposed Policy Clarification, please contact our office.

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