Fact Sheet on Federal Aviation Fuel Excise Taxes

Importance of the Aerial Application Industry

- Aerial applicators treat 127 million acres of cropland per year; 28% of the treated commercial cropland nationwide. In addition to the cropland acres, aerial applicators annually apply to 5.1 million acres of forest land, 7.9 million acres of pasture and rangeland, and 4.8 million acres for mosquito control and other public health concerns. Aerial applicators also fight fires and protect the environment from invasive species.
- Aerial application is often the only application method available to farmers to eradicate a pest before it destroys their crop. Aerial application is also the only method to treat crops that ground applicators can't get to, such as crops on rolling hills or crops after a rain, when the ground is too wet for ground applications. Furthermore, aerial application does not damage a standing cropand reduce yield like ground application does[1].
- The aerial application industry is directly responsible for the production of 1.69 billion bushels of corn, 199 million bushels of wheat, 548 million pounds of cotton, 295 million bushels of soybean, and 3.33 billion pounds of rice annually that would be lost every year without the aerial application of pesticides. The value of the aerial application industry to farmers, input suppliers, processors, and agricultural transportation and storage industries for corn, wheat, cotton, soybean, and rice production in the U.S. is estimated to be about $37 billion[2,3].
- The aerial application of crop protection products results in greater harvest yields of crops. This in turn results in less land being used for agricultural production, preserving more wetlands for natural water filtration, forest ecosystems for carbon sequestration and habitat for threatened and endangered species. 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[2].
- Aerial applicators seed 3.8 million acres of cover crops annually[2], helping to sequester 1.9 million metric tons of CO2 equivalent every year. According to the EPA this would be the equivalent of removing approximately 412,000 cars with carbon-combustion engines from the roads each year.

Aerial Applicators Are Not Subject to Fuel Excise Taxes

- 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.
    - 58 percent of aerial application operations are based at private airports, which receive no federal funding and must be maintained by the applicator[3]. 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.

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[1] Hanna, S., S. Conley, J. Santini, and G. Shaner. 2007. "Managing Fungicide Applications in Soybean." Purdue University Extension Soybean Production Systems SPS-103-W. https://www.extension.purdue.edu/extmedia/sps/sps-103-w.pdf

[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. https://www.agaviation.org/2020aatresearchpapers

[3] National Agricultural Aviation Association. May 2019. "2019 NAAA Aerial Application Industry Survey: Operators." https://www.agaviation.org//Files/Comments/NAAA%202019%20Operator%20Survey.pdf

- 55 percent of respondents said they never have reason to contact ATC[3]. An additional 18 percent said they contact ATC less than 5 time a year. The remaining 27 percent 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 on 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.

Bottom Line

- 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.

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.

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Updated January 2023