

Union Calendar No. 241

107TH CONGRESS
2^D SESSION

H. R. 3347

[Report No. 107–406, Part I]

To provide economic relief to general aviation entities that have suffered substantial economic injury as a result of the terrorist attacks perpetrated against the United States on September 11, 2001.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 27, 2001

Mr. MICA (for himself, Mr. YOUNG of Alaska, and Mr. SHUSTER) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committees on Financial Services and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

APRIL 15, 2002

Reported from the Committee on Transportation and Infrastructure with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

APRIL 15, 2002

Referral to the Committees on Financial Services and the Budget extended for a period ending not later than April 15, 2002

APRIL 15, 2002

Additional sponsors: Mr. TIAHRT, Mr. EHLERS, Mr. DUNCAN, Mr. MCHUGH, Mr. GRAVES, Mr. MCGOVERN, Mr. WYNN, Mr. GILCHREST, Mr. REHBERG, Mr. PETRI, Mr. PETERSON of Minnesota, Ms. HART, Mr. JONES of North Carolina, Mr. LOBIONDO, Mrs. CHRISTENSEN, Mr. PLATTS, Mr. JOHNSON of Illinois, Mr. GREENWOOD, Mr. SIMMONS, Mr. PORTMAN, Mr. MORAN of Kansas, Mr. BERRY, Mr. BURTON of Indiana, Mr. ABERCROMBIE, Mr. LARSEN of Washington, Mr. UPTON, Mr. BOSWELL, Mr. GILMAN, Mr. BARR of Georgia, and Mrs. MINK of Hawaii

APRIL 15, 2002

Committees on Financial Services and the Budget discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on November 27, 2001]

A BILL

To provide economic relief to general aviation entities that have suffered substantial economic injury as a result of the terrorist attacks perpetrated against the United States on September 11, 2001.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “General Aviation Indus-*
5 *try Reparations Act of 2002”.*

6 **SEC. 2. GENERAL AVIATION INDUSTRY REPARATIONS.**

7 *(a) IN GENERAL.—Notwithstanding any other provi-*
8 *sion of law, the President shall take the following actions*
9 *to compensate general aviation entities and their employees*
10 *for economic injuries incurred by such entities and employ-*
11 *ees as a result of the terrorist attacks on the United States*
12 *that occurred on September 11, 2001:*

13 *(1) Subject to such terms and conditions as the*
14 *President deems necessary and subject to subsection*
15 *(b), issue Federal credit instruments to such entities*
16 *that do not, in the aggregate, exceed \$3,000,000,000*

1 *and provide the subsidy amounts necessary for such*
2 *instruments in accordance with the provisions of the*
3 *Federal Credit Reform Act of 1990 (2 U.S.C. 661 et*
4 *seq.).*

5 *(2) Compensate such entities and employees in*
6 *an aggregate amount equal to \$2,500,000,000 for—*

7 *(A) direct losses incurred beginning on Sep-*
8 *tember 11, 2001, by such entities as a result of*
9 *any Federal ground stop order issued by the Sec-*
10 *retary of Transportation or any subsequent order*
11 *which continues or renews such a stoppage;*

12 *(B) the incremental losses incurred begin-*
13 *ning September 11, 2001, and ending December*
14 *31, 2001, by such entities as a direct result of*
15 *such attacks;*

16 *(C) the incremental losses incurred by em-*
17 *ployees of an entity receiving assistance under*
18 *this Act who lost their jobs (other than for cause)*
19 *at any time during the period between Sep-*
20 *tember 11 and December 31, 2001, as a result of*
21 *the such attacks; except that incremental losses*
22 *under this subparagraph shall be limited to—*

23 *(i) losses incurred, during a period of*
24 *90 days beginning on the date of the job*

1 *loss, as lost compensation offset by com-*
2 *ensation paid by any other entity; and*

3 *(ii) the added costs to such employees,*
4 *for themselves and their dependents, of*
5 *health insurance premiums and medical ex-*
6 *penses incurred, during such 90-day period,*
7 *that—*

8 *(I) would have been paid by*
9 *health insurance coverage that was lost*
10 *as a result of the job loss or as a result*
11 *of other action to reduce expenses taken*
12 *by the entity receiving assistance under*
13 *this Act; and*

14 *(II) were not paid by other insur-*
15 *ance coverage, a government agency, or*
16 *charitable gift; and*

17 *(D) direct losses incurred by such entities as*
18 *a direct result of flight restrictions for a period*
19 *of one week or more imposed by the Secretary of*
20 *Transportation before the date of enactment of*
21 *this Act in response to the increased security re-*
22 *quired by such attacks.*

23 ***(b) LIMITATION ON AGGREGATE AMOUNT OF CREDIT***
24 ***INSTRUMENTS.—The aggregate amount of Federal credit***
25 ***instruments that may be issued under section 101(a)(1) of***

1 *the Air Transportation Safety and System Stabilization*
2 *Act (49 U.S.C. 40101 note; 115 Stat. 230) shall be reduced*
3 *by the aggregate amount of Federal credit instruments*
4 *issued under subsection (a)(1) of this section.*

5 (c) *EMERGENCY DESIGNATION.*—*Congress designates*
6 *the amount of new budget authority and outlays in all fis-*
7 *cal years resulting from this Act as an emergency require-*
8 *ment pursuant to section 252(e) of the Balanced Budget and*
9 *Emergency Deficit Control Act of 1985 (2 U.S.C. 901(e)).*
10 *Such amount shall be available only to the extent that a*
11 *request, that includes designation of such amount as an*
12 *emergency requirement as defined in such Act, is trans-*
13 *mitted by the President to Congress.*

14 (d) *DEADLINE FOR APPLICATIONS.*—*Not later than 14*
15 *days after the date of enactment of this Act, the President*
16 *shall establish and publish in the Federal Register a dead-*
17 *line for the issuance of Federal credit instruments under*
18 *this section and a deadline for the submission of applica-*
19 *tions for payments of compensation under this section.*

20 **SEC. 3. STABILIZATION BOARD.**

21 (a) *FEDERAL CREDIT INSTRUMENTS.*—

22 (1) *OPERATING PLAN.*—*An obligor seeking*
23 *issuance of a Federal credit instrument under section*
24 *2(a)(1) shall submit to the Air Transportation Sta-*
25 *bilization Board, established under section 102(b) of*

1 *the Air Transportation Safety Stabilization Act (49*
2 *U.S.C. 40101 note; 115 Stat. 231), an operating plan*
3 *(including budget and cash flow projections) and fi-*
4 *nancial plan for the period of time that the instru-*
5 *ment will be in effect. Such plans shall demonstrate*
6 *to the satisfaction of the Board the ability of the obli-*
7 *gor to continue operations as an ongoing general*
8 *aviation entity during and after the period of time*
9 *the instrument will be in effect.*

10 (2) *ISSUANCE.—The Board, in consultation with*
11 *the Small Business Administration, may enter into*
12 *agreements with 1 or more obligors to issue Federal*
13 *credit instruments under section 2(a)(1) if the Board*
14 *determines, in its discretion, that—*

15 (A) *the obligor is a general aviation entity*
16 *for which credit is not reasonably available at*
17 *the time of the transaction;*

18 (B) *the intended obligation by the obligor is*
19 *prudently incurred;*

20 (C) *the obligor has furnished reasonable as-*
21 *urance that it will be able to repay all loans*
22 *and other debt obligations covered by the Federal*
23 *credit instrument in accordance with the terms*
24 *of such loans and other obligations;*

1 (D) the obligor intends to continue to oper-
2 ate as a general aviation entity, and the oper-
3 ating and financial plan submitted by the obli-
4 gor under paragraph (1) satisfies the demonstra-
5 tion required by paragraph (1); and

6 (E) the type of aviation services or products
7 (or both) provided by the obligor are an impor-
8 tant part of a safe, efficient, and viable general
9 aviation system.

10 (b) *TERMS AND LIMITATIONS.*—

11 (1) *FORMS; TERMS AND CONDITIONS.*—A Federal
12 credit instrument shall be issued under section 2(a)(1)
13 in such form and on such terms and conditions and
14 contain such covenants, representations, warranties,
15 and requirements (including requirements for audits)
16 as the Board determines appropriate. The Board may
17 issue a Federal credit instrument under section
18 2(a)(1) to pay all or part of any of the principal of
19 and interest on a loan or other debt obligation issued
20 to the obligor.

21 (2) *PROCEDURES.*—Not later than 14 days after
22 the date of enactment of this Act, the Director of the
23 Office of Management and Budget shall issue regula-
24 tions setting forth procedures for application and
25 minimum requirements, which may be supplemented

1 *by the Board in its discretion, for the issuance of Fed-*
2 *eral credit instruments under section 2(a)(1).*

3 *(c) FINANCIAL PROTECTION OF GOVERNMENT.—*

4 *(1) IN GENERAL.—To the extent feasible and*
5 *practicable, the Board shall ensure that the Govern-*
6 *ment is compensated for the risk assumed in making*
7 *guarantees under this Act.*

8 *(2) GOVERNMENT PARTICIPATION IN GAINS.—To*
9 *the extent to which any participating entity accepts*
10 *financial assistance, in the form of accepting the pro-*
11 *ceeds of any loans guaranteed by the Government*
12 *under this Act, the Board is authorized to enter into*
13 *contracts under which the Government, contingent on*
14 *the financial success of the participating entity,*
15 *would participate in the gains of the participating*
16 *entity or its security holders through the use of such*
17 *instruments as warrants, stock options, common or*
18 *preferred stock, or other appropriate equity instru-*
19 *ments.*

20 *(3) DEPOSIT IN TREASURY.—All amounts col-*
21 *lected by the Government under this subsection shall*
22 *be deposited in the Treasury as miscellaneous re-*
23 *ceipts.*

24 **SEC. 4. SPECIAL RULES FOR COMPENSATION.**

25 *(a) LIMITATION ON AMOUNT OF COMPENSATION.—*

1 (1) *DOCUMENTATION.*—Subject to subsection (b),
2 the amount of compensation payable under section
3 2(a)(2) to a general aviation entity may not exceed
4 the amount of losses described in such section that
5 such entity demonstrates to the satisfaction of the
6 President, using sworn financial statements or other
7 appropriate data, that such entity incurred.

8 (2) *AUDITS.*—The Secretary of Transportation
9 and the Comptroller General of the United States
10 may audit statements referred to in paragraph (1)
11 and may request any information that the Secretary
12 and the Comptroller General deem necessary to con-
13 duct such audit.

14 (b) *PRIORITY.*—The President shall give priority for
15 compensation under section 2(a)(2) to a general aviation
16 entity—

17 (1) based on the length of time that the entity
18 has been unable to operate as a result of the terrorist
19 attacks on the United States that occurred on Sep-
20 tember 11, 2001; and

21 (2) if the entity is a small business concern (as
22 defined under section 3 of the Small Business Admin-
23 istration Act (15 U.S.C. 632(a))).

24 (c) *AMOUNT OF COMPENSATION.*—In order to ensure
25 that compensation provided under section 2(a)(2) is distrib-

1 *uted equitably among general aviation entities that have*
2 *substantiated losses described in section 2(a)(2), the Presi-*
3 *dent may provide compensation under section 2(a)(2) to a*
4 *general aviation entity that is an amount less than the*
5 *amount of losses incurred by the entity and substantiated*
6 *by the entity as losses for which compensation may be made*
7 *under section 2(a)(2).*

8 *(d) PAYMENTS.—The President may provide com-*
9 *ensation under section 2(a)(2) to general aviation entities*
10 *in 1 or more payments up to the amount authorized by*
11 *this Act.*

12 *(e) EMPLOYEE PROTECTION.—If the President pro-*
13 *vides compensation to a general aviation entity under sub-*
14 *paragraph (A) or (B) of section 2(a)(2), the President must*
15 *also provide compensation to its employees under subpara-*
16 *graph (C) of such section. The President shall develop proce-*
17 *dures to ensure that an application by a general aviation*
18 *entity for compensation includes complete information*
19 *about losses of employees of such entity.*

20 **SEC. 5. LIMITATION ON CERTAIN EMPLOYEE COMPENSA-**
21 **TION.**

22 *(a) IN GENERAL.—The President may only issue a*
23 *Federal credit instrument, or provide compensation, under*
24 *section 2(a) to a general aviation entity after the entity*
25 *enters into a legally binding agreement with the President*

1 *that, during the 2-year period beginning on the date of en-*
2 *actment of this Act, no officer or employee of the entity*
3 *whose total compensation exceeded \$300,000 in calendar*
4 *year 2000 (other than an employee whose compensation is*
5 *determined through an existing collective bargaining agree-*
6 *ment entered into prior to such date of enactment)—*

7 (1) *will receive from the entity total compensa-*
8 *tion which exceeds, during any 12 consecutive months*
9 *of such 2-year period, the total compensation received*
10 *by the officer or employee from the entity in calendar*
11 *year 2000; and*

12 (2) *will receive from the entity severance pay or*
13 *other benefits upon termination of employment with*
14 *the entity which exceeds twice the maximum total*
15 *compensation received by the officer or employee from*
16 *the entity in calendar year 2000.*

17 (b) **TOTAL COMPENSATION DEFINED.**—*In this section,*
18 *the term “total compensation” includes salary, bonuses,*
19 *awards of stock, and other financial benefits provided by*
20 *a general aviation entity to an officer or employee of the*
21 *entity.*

22 **SEC. 6. DOMESTIC INSURANCE AND REIMBURSEMENT OF**
23 **INSURANCE COSTS.**

24 Section 44302 of title 49, United States Code, is
25 *amended—*

1 (1) *in each of subsections (b), (c), and (d) by in-*
2 *serting “or general aviation entity (as defined in sec-*
3 *tion 3 of the General Aviation Industry Reparations*
4 *Act of 2002)” after “air carrier”; and*

5 (2) *in subsection (b)(4) by inserting “and gen-*
6 *eral aviation entities” after “air carriers”.*

7 **SEC. 7. REPORT.**

8 *Not later than the 180th day following the date of en-*
9 *actment of this Act, the President shall transmit to the*
10 *Committee on Transportation and Infrastructure, the Com-*
11 *mittee on Appropriations, and the Committee on the Budget*
12 *of the House of Representatives and the Committee on Com-*
13 *merce, Science, and Transportation, the Committee on Ap-*
14 *propriations, and the Committee on the Budget of the Sen-*
15 *ate a report on the amount of assistance provided under*
16 *this Act to each general aviation entity and the financial*
17 *status of such entity.*

18 **SEC. 8. HEALTH INSURANCE.**

19 (a) *HEALTH INSURANCE AGREEMENT.—The President*
20 *may only issue a Federal credit instrument to a general*
21 *aviation entity under section 2(a)(1) if the entity has en-*
22 *tered into a legally binding agreement with the President*
23 *to provide—*

1 (1) for payment of costs attributable to providing
2 health insurance coverage as described in subsections
3 (b) and (c); and

4 (2) for maintenance of current health benefit and
5 contribution levels as described in subsection (d).

6 (b) *PAYMENT OF HEALTH INSURANCE COVERAGE FOR*
7 *FORMER EMPLOYEES WHO LOSE COVERAGE.*—Under the
8 agreement under subsection (a) and subject to subsection
9 (e), the entity shall pay the costs attributable to providing
10 health insurance coverage for a former employee (and the
11 employee’s dependents) if the former employee—

12 (1) was provided health insurance coverage on
13 September 11, 2001, by the entity; and

14 (2) lost his or her job, after September 11, 2001,
15 and before the date the entity is issued a Federal
16 credit instrument under section 2(a)(1), as a result of
17 the terrorist attacks on the United States that oc-
18 curred on September 11, 2001.

19 (c) *PAYMENT OF HEALTH INSURANCE COVERAGE FOR*
20 *CURRENT EMPLOYEES WHO LOSE COVERAGE.*—Under the
21 agreement under subsection (a) and subject to subsection
22 (e), the entity shall pay the costs attributable to providing
23 health insurance coverage for an employee (and the employ-
24 ee’s dependents) if the employee—

1 (1) *was provided health insurance coverage on*
2 *September 11, 2001, by the entity;*

3 (2) *lost such coverage, after September 11, 2001,*
4 *and before the date the entity is issued a Federal*
5 *credit instrument under section 2(a)(1), by reason of*
6 *the entity's response to economic conditions arising*
7 *out of the terrorist attacks on the United States that*
8 *occurred on September 11, 2001; and*

9 (3) *is employed by such entity on the date of*
10 *issuance of such instrument.*

11 (d) *MAINTENANCE OF CURRENT BENEFIT LEVELS FOR*
12 *CURRENTLY INSURED EMPLOYEES.—Under the agreement*
13 *under subsection (a) and subject to subsection (e), the entity*
14 *shall not reduce the amount of health benefits or employer*
15 *contribution made for health insurance coverage for em-*
16 *ployees employed by the entity as of the date the entity is*
17 *issued a Federal credit instrument under section 2(a)(1)*
18 *below the level of such benefits and contributions in effect*
19 *on February 27, 2002.*

20 (e) *LIMITATIONS.—The obligation of a general avia-*
21 *tion entity—*

22 (1) *under subsections (b), (c), and (d) shall be*
23 *limited to a period of 6 months beginning on the date*
24 *the entity is issued a Federal credit instrument under*
25 *section 2(a)(1);*

1 (2) *under subsections (b) and (c) shall not apply*
2 *to an employee who lost a job for cause; and*

3 (3) *under subsection (b) shall not apply to an*
4 *employee after the date that the employee is first em-*
5 *ployed on a full-time, non-seasonal basis after the*
6 *date of the job loss referred to in subsection (b).*

7 (f) *HEALTH INSURANCE COVERAGE DEFINED.—For*
8 *purposes of this section and section 2, the term “health in-*
9 *surance coverage” has the meaning given such term in sub-*
10 *section (b)(1) of section 733 of the Employee Retirement*
11 *Income Security Act of 1974 (29 U.S.C. 1191b) and in-*
12 *cludes coverage under a group health plan (as defined in*
13 *subsection (a)(1) of such section).*

14 **SEC. 9. DEFINITIONS.**

15 *In this Act, the following definitions apply:*

16 (1) *FEDERAL CREDIT INSTRUMENT.—The term*
17 *“Federal credit instrument” means any guarantee or*
18 *other pledge by the Air Transportation Stabilization*
19 *Board issued under section 2(a)(1) of this Act to*
20 *pledge the full faith and credit of the United States*
21 *to pay all or part of any of the principal of and in-*
22 *terest on a loan or other debt obligation issued by an*
23 *obligor and funded by a lender.*

1 (2) *GENERAL AVIATION ENTITY.*—*The term “gen-*
2 *eral aviation entity” means any person (other than*
3 *an air carrier or foreign air carrier) that—*

4 (A) *operates nonmilitary aircraft under*
5 *part 91 of title 14, Code of Federal Regulations,*
6 *for the purpose of conducting its primary busi-*
7 *ness;*

8 (B) *manufactures nonmilitary aircraft with*
9 *a maximum seating capacity of fewer than 20*
10 *passengers or aircraft parts to be used in such*
11 *aircraft;*

12 (C) *provides services necessary for non-*
13 *military operations under such part 91; or*

14 (D) *operates an airport, other than a pri-*
15 *mary airport (as such terms are defined in sec-*
16 *tion 40102 of title 49, United States Code),*
17 *that—*

18 (i) *is listed in the national plan of in-*
19 *tegrated airport systems developed by the*
20 *Federal Aviation Administration under sec-*
21 *tion 47103 of such title; or*

22 (ii) *is normally open to the public, is*
23 *located within the confines of enhanced class*
24 *B airspace (as defined by the Federal Avia-*
25 *tion Administration in Notice to Airmen*

1 *FDC 1/0618), and was closed as a result of*
2 *an order issued by the Federal Aviation Ad-*
3 *ministration in the period beginning Sep-*
4 *tember 11, 2001, and ending January 1,*
5 *2002, and remained closed as a result of*
6 *that order on January 1, 2002.*

7 *Such term includes fixed based operators, flight*
8 *schools, manufacturers of general aviation aircraft*
9 *and products, persons engaged in nonscheduled avia-*
10 *tion enterprises, and general aviation independent*
11 *contractors.*

12 (3) *INCREMENTAL LOSS.—The term “incremental*
13 *loss” does not include any loss that the President de-*
14 *termines would have been incurred if the terrorist at-*
15 *tacks on the United States that occurred on Sep-*
16 *tember 11, 2001, had not occurred.*

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Reported from the Committee on Transportation and
Infrastructure with an amendment

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Referral to the Committees on Financial Services and the
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