



March 4, 2024

The Honorable Mike Johnson
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Hakeem Jeffries
Democratic Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Johnson, Majority Leader Schumer, Republican Leader McConnell, and Democratic Leader Jeffries:

The more than 320 members of the Aerospace Industries Association (AIA) and 2.2 million workers employed by the aerospace and defense industry represent not only the best of U.S. innovation, aviation safety, and national security, but also a close partnership with the Department of Defense (DOD), the Federal Aviation Administration (FAA), the National Aeronautics and Space Administration (NASA), and other federal agencies. As Congress receives President Biden's State of the Union address this week, we respectfully request that Congress prioritize the following issues for the rest of this calendar year:

Stable, Predictable, and Sufficient Federal Funding

Enduring partnerships between the aerospace and defense industry and the federal government are necessary for our national security, aviation safety, and innovation in space. Our productive relationships with the DOD, FAA, NASA, and other agencies depend on predictable and consistent demand signals driven by the annual budget and appropriations process. AIA will continue to urge Congress to eliminate the broken budget process of governing via continuing resolution and instead pass on-time and adequate appropriations for FY25 and beyond.

Tax Policy that Encourages Innovation

America stays ahead of our economic and strategic competitors because we lead the world in innovation. For decades, our tax policies encouraged American businesses to invest in the research and development that kept us on the cutting edge, but that has changed — and it is stifling innovation and harming American businesses, especially small businesses. There is broad bipartisan support in both the House and the Senate to fix the R&D tax amortization requirement — but Congress must vote on this legislation to provide much needed relief.

More Effective Acquisition Policies for National Defense

Ensuring the health and resilience of the defense industrial base requires a long-term approach rooted in consistency and clear demand signals. Sustained investment to increase capacity matters, but so does reducing barriers to entry and eliminating unnecessary costs of compliance to the myriad of federal acquisition regulations and policies. These barriers can cause companies, especially small businesses and commercial companies, to shy away from doing business with the DOD or leave the defense industrial base entirely. One significant example involves the compliance requirements for Cybersecurity Maturity Model Certification (CMMC). Requirements such as these stress an already vulnerable supply chain. We believe

companies will continue to exit the defense industrial base due to the costs associated with programs and directives like these. Congress and the DOD must do more to lower the costs of compliance, accelerate the defense contract process, and offer cost of compliance assistance to small businesses that are critical to the defense industrial base.

Safety Enhancement and Efficiency in Commercial Aviation

American commercial aviation must remain both safe and globally competitive and achieve this for both traditional and newly emerging sectors of the aviation industry. To do this effectively, the FAA's authority on aviation safety must be second to none in its capability and highly respected on the world stage. Given the important changes in aviation since enactment of the last FAA reauthorization bill in 2018, it is imperative that Congress finalize a five-year FAA reauthorization bill as soon as possible to provide new direction and authorities to the agency.

Next-Generation Space Capabilities

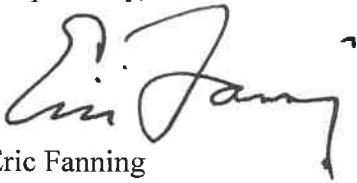
The U.S. space industry has seen tremendous growth and increasing importance to our nation's economic and national security success. These changes warrant a careful examination of current law to ensure continued U.S. space industry innovation and a long-term sustainable space environment. To succeed in these goals, Congress must prioritize appropriations for FY24 and FY25 at levels that support growing national security and civil space requirements in an inflationary environment. U.S. space industry success is also dependent on a stable regulatory environment, requiring an updated reauthorization of FAA programs and passage of updated commercial space legislation. Finally, our national security space enterprise requires the timely passage of a National Defense Authorization Act (NDAA) for FY25 supporting necessary funding levels and promoting the use of commercial capabilities in space domain awareness.

Modernizing Defense Trade

Global trade is optimized through clear and consistent policies and regulations that prioritize cooperation with allies and partners while incentivizing domestic producers. Global markets are integral to fostering innovation and accelerating the development of emerging technologies. The recent AUKUS legislation included in the FY24 NDAA highlights that strong international partnerships enhance U.S. capabilities and alleviate industrial base shortfalls. Modernizing the defense trade process, building resilient supply chains, and accelerating technology release reviews are essential to U.S. economic and national security. By addressing these key areas, Congress can promote global stability and maintain United States leadership abroad.

We appreciate your attention to these key issues facing the aerospace and defense industry and look forward to continuing working with you to strengthen our national security, improve aviation safety, and encourage the next generation of space innovation.

Respectfully,



Eric Fanning
President and CEO
Aerospace Industries Association