



September 5, 2023

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

The Honorable Kevin McCarthy
Speaker
United States House of Representatives
Washington, D.C. 20515

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

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

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

The Aerospace Industries Association (AIA) represents more than 320 of the leading aerospace and defense manufacturing companies in the United States. These companies provide high-paying jobs to thousands of your constituents throughout the country, contribute billions to the American economy, and are responsible for the innovations that will bring us back to the moon, strengthen the warfighter, and continue to make commercial air travel safe, efficient, and sustainable.

Upon Congress' return from the August recess, we look forward to working with you to advance priority legislation that will benefit not only the aerospace and defense industry, but also the entire country. This includes funding the federal government, passing a five-year Federal Aviation Administration (FAA) reauthorization and the FY24 National Defense Authorization Act (NDAA), and reversing a tax code provision that is harming U.S. innovators.

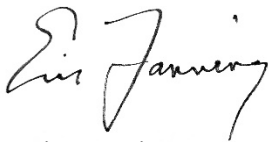
With just 11 joint legislative days in September before the end of the fiscal year, we know passing all 12 regular appropriations bills is among your top priorities. This is a priority AIA and our members share. U.S. companies that do business with the Department of Defense (DoD) in particular, along with key federal agencies like the FAA and NASA, rely on timely, sufficient, responsible government funding. Our businesses — and our country — cannot flourish under the unpredictable funding nature of a long-term continuing resolution or worse, a shutdown. Any appropriations legislation advanced this year must follow in the lead of the Senate Appropriations Committee's Fiscal Year 2024 Defense bill that addresses the very real challenges posed by inflation, especially its impacts on the defense industrial base. AIA member surveys continue to show that inflation ranks as a top concern. Costs for manufacturing inputs remain persistently high, impacting workforce and operations. In many cases, parts and materials costs are skyrocketing to 100 to 200 percent over normal levels. This adds to delivery delay and, ultimately, increases the costs to the customer — who is, in many cases, the federal government.

In addition, both the FAA reauthorization and NDAA are must-pass pieces of legislation. Now more than ever, the FAA must remain the gold standard of safety and innovation on the world stage as new civil aviation and commercial space technologies enter the marketplace and outdated processes and systems hinder efficient air travel. Similarly, the DoD, American servicemembers, and the defense industrial base that supports them depend on the authorities authorized in the NDAA each year. We are eager to support Congress as you continue the 62-year streak of passing this vital bill — at the very latest by the end of the calendar year.

Lastly, restoring the immediate deductibility of research and development (R&D) expenses is a commonsense solution to supporting America's innovators — in particular, small businesses, which are being forced to choose between paying salaries or halting R&D into the next generation of often lifesaving technologies. This is particularly important for the businesses, large and small, in the defense industrial base that rely on this tax deduction to generate cutting-edge technology that not only protects the warfighter but also gives our military a competitive advantage over our adversaries. While China doubles down on their R&D tax incentives, we encourage Congress to act to bolster American innovation and global competitiveness.

AIA remains Congress' partner in these efforts. Please let us know how we can support you with this busy, but critical, agenda.

Respectfully,

A handwritten signature in black ink that reads "Eric Fanning". The signature is written in a cursive, flowing style.

Eric Fanning
President & CEO
Aerospace Industries Association