



**NATIONAL
BUSINESS AVIATION
ASSOCIATION, INC.**

1200 EIGHTEENTH STREET NW, SUITE 400
WASHINGTON, DC 20036-2527
TEL: (202) 783-9000 • FAX: (202) 331-8364
E-MAIL: info@nbaa.org • WEB: www.nbaa.org

May 16, 2003

The Honorable Read Van de Water
Assistant Secretary for Aviation
And International Affairs
U.S. Department of Transportation
400 Seventh Street, S.W., Suite 10232
Washington, DC 20590

Re: **Business Aviation**
Part 375 Policy

Dear Secretary Van de Water:

Thank you for convening the meeting on Wednesday to enable us to elaborate upon the non-commercial nature of business aviation generally with specific reference to Part 375. Given the global nature of business aviation today, the Department's interpretation of Part 375 has had, and will continue to have, a significant impact on a segment of our membership. Your March 20 interpretation represents a willingness on the part of the Department to address the dilemma posed by Part 375 for business aviation. We applaud that decision and would like to build on it in accordance with the proposal discussed at Wednesday's meeting.

NBAA's proposal would permit operations with *U.S. registered* aircraft conducted under Subpart F to Part 91 (Section 91.501 et seq.) – which are deemed non-commercial by FAA and “exempt” from FAA certification – to be deemed “non-commercial” by the Department for Part 375 purposes. As a result, the reimbursement of expenses permitted by Section 91.501(b) would not constitute “remuneration or hire” within the meaning of Part 375.

Your March 20, 2003 interpretation permits cost reimbursable or “chargeback” operations conducted by a parent for its wholly-owned subsidiary to be treated as non-commercial – *i.e.*, such operations may be performed under Section 375.30 without the need for additional economic authority from the Department. These operations are also permitted by FAA under Section 91.501(b)(5). In this regard, the Department is building on its 1986 interpretation which permitted demonstration flights performed on a chargeback basis to be considered “non-commercial” – the same way that FAA treats these flights under Section 91.501(b)(3).

NBAA views its proposal (summarized above) as the logical “next step” to extend the Department's earlier interpretations beyond demonstration flights and parent/wholly-owned subsidiary operations to include other related business aviation activities – namely time sharing, interchange and joint ownership operations, and the *full scope* of intra-corporate family operations – which, for over 30 years, the FAA has permitted to operate under FAR Part 91 as “non-commercial.”