

Illinois Aviation Trades Association August 2011 News Update

SB1566 Stalls in House of Representatives

SB1566, which would offer up a sales tax exemption for aircraft engine repair parts stalled in the Illinois House of Representatives and with the current debt crisis facing the State of Illinois, it does not look promising for this bill to get out of the House during the veto session or next Spring session. We have heard from members of the Democratic leadership that tax credit legislation of any kind has little chance of passage this year.



IATA is very thankful for the initial sponsorship of this bill by Senator Clayborne and for his leadership in getting our bill through the Illinois Senate. IATA will continue to push for this legislation and other legislative measures to help improve the general aviation industry in Illinois.

You can do your part by supporting IATA with your dues dollars and by making a contribution to IATA's legislative work. This is not a PAC (political action committee) contribution but financial support to enable IATA to maintain visibility at the State Capitol Building.

A Changing FBO Business Model: You Can't Give It Away

The following blog excerpt was submitted to NATA's Aviation Business Journal by: John L. Enticknap & Ron R. Jackson, Aviation Business Strategies Group. This was sent to IATA from NATA.

For many years, the FBO Business Model in the United States has been fairly simple and straight forward: markup fuel to cover all the operational business expenses; the greater the margin, the better the profit.

When fuel prices were fairly stable and the old inefficient heavy iron aircraft were commonly seen on ramps, this worked out pretty well. But as singer-songwriter Bob Dylan so poignantly penned, "The Times They Are a-Changin'."

From the last quarter of 2008 we've seen some real changes in our industry including political bashing and a prolonged recession. As we struggled through 2009, we saw the 'average' FBO experiencing a 20 to 25 percent drop in business sales with some losing more than 50 percent of their fuel sales. In 2010 there was some recovery with an encouraging increase in charter activity and the resulting increased fuel sales.

Now in 2011, we are struggling with ever higher fuel costs and a general business malaise. Just as we are writing this article, we experienced more unfortunate politics conveying a negative image for business aviation. And we are seeing the restart of the continued consolidation of the FBO industry; some failures; and most of all, much continued pressure on fuel margins.

The cost of fuel peeked in the first week of May and has dropped .40 cents to early July; now it's on the way back up. Just about the time we sell the high priced inventory in our fuel farms and look for some stability, the higher prices are again reality.

[Click here](#) to read this and other blog posts in their entirety.

Illinois Aviation Trades Association

IATA was founded on the simple principle to be a single source for industry education, peer to peer networking and statewide legislative representation for the many partners of general aviation.



For more information call the IATA office at: 217-528-5230.

Ron and John are the primary facilitators for NATA's FBO Success Seminar Series. The next FBO Success Seminar, Fuel Summit 2011, is scheduled for November 8-10 in Atlanta, GA. [Click here](#) to learn more about the upcoming FBO Success Seminar.

Hurricane Irene

General aviation prepares for hurricane Irene on the Eastern seaboard. [CLICK HERE](#)

Ice-Detection Equipment Rule

On Friday, the FAA issued a [new rule](#) that requires Part 121 operators to install ice-detection equipment in their existing fleets or to update their flight manuals to make sure crews know when they should activate their ice-protection systems. *While the rule applies only to in-service airliners weighing less than 60,000 pounds, corporate and charter aircraft operators of aircraft under this weight limit should take note since studies show these airplanes are more affected by undetected icing or late activation of the ice-protection system.* "This rule incorporates the latest research on aircraft icing," said FAA Administrator Randy Babbitt. "Making sure protection systems are turned on when icing conditions are detected will help eliminate accidents that can occur if pilots fail to turn on the ice protection soon enough." For aircraft equipped with an ice-detection system, the new rule mandates that the system alert the crew every time they need to activate ice protection. The system can either turn on the ice protection automatically or pilots can activate it manually. For aircraft without ice-detection equipment, the crew must activate the protection system based on cues listed in their airplane's flight manual during climb and descent, and at the first sign of icing when at cruising altitude. The FAA said this rule addresses a longstanding NTSB recommendation.

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