



U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Airport Compliance
and Management Analysis

800 Independence Ave., SW
Washington, DC 20591

November 24, 2015

The Honorable Nikki R. Haley
Governor of South Carolina
1205 Pendleton Street
Columbia, SC 29201

Dear Governor:

On November 7, 2014, Federal Aviation Administration (FAA) adopted FAA Policy and Procedures Concerning the Use of Airport Revenue; Proceeds from Taxes on Aviation Fuel, (79 Fed. Reg. 6628) (Amendment). The Amendment clarifies FAA's Policy and Procedures Concerning the Use of Airport Revenue (64 Fed. Reg. 7696, February 16, 1999) (Revenue Use Policy) requirement that state or local taxes on aviation fuel (except taxes in effect on December 30, 1987) are considered to be airport revenue subject to the revenue-use requirement. State and local taxes in effect on December 30, 1987 may qualify for grandfather status and be used for other than airport purposes.

This Amendment is being applied prospectively. Any states and local governments not currently in compliance will be provided with a reasonable transition time (not to exceed 3 years from the effective date of December 8, 2014) to come into compliance with the FAA's Policy and Procedures Concerning the Use of Airport Revenue (64 FR 7696, February 16, 1999) (Revenue Use Policy). The FAA understood that changes to bring state and local taxes into compliance may require state and local legislation, and thus afford state and local governments the opportunity to develop an Action Plan to detail the methodology for administering aviation fuel taxes in accordance with the Amendment.

State and local governments will be expected to submit an Action Plan to FAA outlining a strategic plan to come into compliance with the amendment by December 8, 2015. The Action Plan should identify (1) the process to amend any non-compliant laws, and restructure general revenues to adapt to the dedication of aviation fuel tax revenue to airports and or State aviation programs; (2) a commitment to undertake the legislative process; and (3) the timeframe for action within the three year transition period for completion by December 8, 2017.

The first deadline of submitting an Action Plan by December 8 is approaching rapidly. Many state and local jurisdictions feel they are compliant with the Amendment. It would be prudent for the state and local governments to contact FAA Office of Airport Compliance and Management Analysis with any questions or concerns. The FAA has posted the

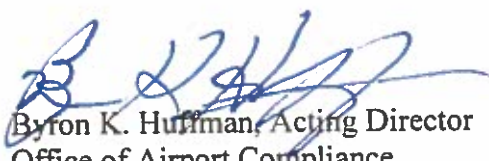
Amendment and other guidance on several issues to the Aviation Fuel Tax Docket (Docket ID: FAA-2013-0988). [See <http://www.regulations.gov/#!docketBrowser:rpp=25:po=25:D=FAA-2013-0988>]

The Action Plan should be submitted to:

Federal Aviation Administration
Attention: Director, Office of Airport Compliance
and Management Analysis
800 Independence Avenue, SW
Washington, DC 20591

The FAA is available to answer questions and to provide assistance to state and local governments working to become compliant with the Amendment to the Revenue Use Policy. If you or your staff have any questions, please contact Jim Brown at (202) 267-5879.

Sincerely,

A handwritten signature in blue ink, appearing to read 'B. Huffman', is written over the printed name of Byron K. Huffman.

Byron K. Huffman, Acting Director
Office of Airport Compliance
and Management Analysis