

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1433

To amend the Federal Aviation Act of 1958 to authorize the Secretary of Transportation to guarantee loans for the acquisition of Stage 3 aircraft, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

MARCH 23, 1993

Ms. DUNN introduced the following bill; which was referred to the Committee on Public Works and Transportation

---

## A BILL

To amend the Federal Aviation Act of 1958 to authorize the Secretary of Transportation to guarantee loans for the acquisition of Stage 3 aircraft, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Aviation Enhancement  
5 Act of 1993”.

6 **SEC. 2. FINDINGS.**

7 Congress finds and declares that—

1           (1) the United States commercial airline indus-  
2           try is currently suffering severe financial distress;

3           (2) sustained record losses and excessive debt  
4           burdens are causing air carriers to cancel new air-  
5           craft options and orders, thereby threatening the  
6           economic viability of the United States aerospace  
7           manufacturing industry;

8           (3) although most air carriers would benefit  
9           from acquiring new generation, quieter, more fuel-ef-  
10          ficient aircraft, there is already more capacity than  
11          demand for seats, resulting in downsizing, not ex-  
12          pansion, of fleets;

13          (4) many air carriers are increasingly unable to  
14          obtain financing at reasonable interest rates for pur-  
15          chasing new equipment;

16          (5) the inability of many air carriers to acquire  
17          new, quieter Stage 3 aircraft may jeopardize the  
18          planned phase out of noisier Stage 2 aircraft;

19          (6) States and local communities, the traveling  
20          public, airline employees, and airline shareholders  
21          would all benefit from stronger, healthier air carriers  
22          operating modern, fuel efficient, quieter aircraft;

23          (7) as the owner and operator of the Nation's  
24          air traffic control system, the Federal Government is  
25          a partner of the commercial aviation industry and

1 must do its part to strengthen the air carrier and  
2 aerospace industries;

3 (8) it is estimated that the Airport and Airway  
4 Trust Fund will contain an unobligated surplus in  
5 excess of \$4,300,000,000 on October 1, 1993;

6 (9) a prudent shift of the investment of the Air-  
7 port and Airway Trust Fund surplus into mod-  
8 ernization of the commercial aviation industry's fleet  
9 can provide vitally needed economic stimulus for car-  
10 riers and manufacturers and will ensure that both  
11 industries remain competitive into the next century;  
12 and

13 (10) the Airport and Airway Trust Fund sur-  
14 plus should, therefore, be made available to guaran-  
15 tee loans for the acquisition of new aircraft if such  
16 acquisition will assure the phasing out of less fuel  
17 efficient and noisier or older aircraft at the same  
18 time.

19 **SEC. 3. LOAN GUARANTEES FOR ACQUISITION OF STAGE 3**  
20 **AIRCRAFT.**

21 (a) IN GENERAL.—Title XI of the Federal Aviation  
22 Act of 1958 (49 U.S.C. App. 1501–1518) is amended by  
23 adding at the end the following new section:

1 **“SEC. 1119. LOAN GUARANTEES FOR ACQUISITION OF**  
2 **STAGE 3 AIRCRAFT.**

3 “(a) IN GENERAL.—The Secretary is authorized,  
4 subject to appropriations Acts, to guarantee any lender  
5 against loss of principal or interest on any loan made to  
6 an eligible air carrier for the purpose of financing the ac-  
7 quisition of new Stage 3 aircraft.

8 “(b) TERMS AND CONDITIONS.—A loan may be guar-  
9 anteed by the Secretary under this section only if the loan  
10 is made subject to the following terms and conditions:

11 “(1) TERM.—The term of the loan does not ex-  
12 ceed 20 years.

13 “(2) RATE OF INTEREST.—The loan bears in-  
14 terest at a rate which is less than the maximum rate  
15 for such loans determined by the Secretary. The  
16 maximum rate for such loans may not be less than  
17 the current average market yield on outstanding ob-  
18 ligations of the United States with remaining peri-  
19 ods to maturity comparable to the maturity of the  
20 loan.

21 “(3) PREPAYMENT.—There is no penalty for  
22 prepayment of the amount of the loan.

23 “(4) USE OF LOAN AMOUNTS.—The loan will be  
24 used only for the acquisition of Stage 3 aircraft  
25 which—

1           “(A) are manufactured in the United  
2 States; and

3           “(B) will be delivered to the borrower not  
4 later than 3 years after the date on which  
5 amounts are appropriated to carry out this sec-  
6 tion.

7           “(c) DOMESTIC MANUFACTURE.—For the purposes  
8 of subsection (b)(4), an aircraft shall be considered to  
9 have been manufactured in the United States only if 50  
10 percent or more of the parts of the aircraft, by value, are  
11 manufactured in the United States.

12           “(d) RETIREMENT OF AGING AND STAGE 2 AIR-  
13 CRAFT.—The Secretary may guarantee a loan under this  
14 section to an air carrier which owns or operates aging air-  
15 craft or Stage 2 aircraft only if the carrier agrees that,  
16 upon delivery of the aircraft being acquired with amounts  
17 of the loan, the air carrier will—

18           “(1) retire from service Stage 2 aircraft or  
19 aging aircraft containing a number of seats which  
20 equals or exceeds 200 percent of the number of seats  
21 contained in the aircraft being acquired; or

22           “(2) retire from service all of the air carrier’s  
23 remaining Stage 2 aircraft and aging aircraft.

24           “(e) DEFAULT.—The Secretary may guarantee a  
25 loan under this section only if the air carrier applying for

1 the loan agrees that, in the event of a default, the air car-  
2 rier will transfer to the Department of Transportation title  
3 to all equipment acquired with the proceeds of the loan.

4 “(f) DISTRIBUTION OF LOAN GUARANTEES.

5 “(1) DETERMINATION OF AVAILABLE SEAT  
6 MILES.—Not later than 30 days after the date on  
7 which amounts are appropriated to carry out this  
8 section, the Secretary shall determine the percentage  
9 of available seat miles attributed, for the most re-  
10 cent 12-month period for which such data is avail-  
11 able, to each eligible air carrier certificated on or be-  
12 fore October 1, 1992.

13 “(2) ALLOCATION.—

14 “(A) CARRIERS CERTIFICATED ON OR BE-  
15 FORE OCTOBER 1, 1992.—An amount equal to  
16 95 percent of the funds appropriated to carry  
17 out this section shall be available for guarantee-  
18 ing loans to eligible air carriers certificated on  
19 or before October 1, 1992, and shall be allo-  
20 cated among such carriers based on the per-  
21 centage of available seat miles attributed to  
22 each such carriers under paragraph (1).

23 “(B) OTHER CARRIERS.—An amount equal  
24 to 5 percent of the funds appropriated to carry  
25 out this section shall be available for guarantee-

1           ing loans to eligible air carriers certificated  
2           after October 1, 1992, and shall be allocated  
3           among such carriers based on a fair and equi-  
4           table formula to be established by the Sec-  
5           retary.

6           “(C) TRANSFER OF ALLOCATIONS.—An el-  
7           igible air carrier may transfer to other eligible  
8           air carriers all or part of the amount of loan  
9           guarantees allocated to such carrier under this  
10          paragraph.

11         “(g) ENFORCEMENT.—

12           “(1) IN GENERAL.—The Secretary is authorized  
13          to take such actions as may be appropriate to en-  
14          force any right accruing to the United States, or any  
15          officer or agency thereof, as a result of the commit-  
16          ment or issuance of a loan guarantee under this sec-  
17          tion.

18           “(2) COLLATERAL.—All loan guarantees under  
19          this section shall be secured by the equipment being  
20          financed and any other assets necessary to provide  
21          sufficient collateral.

22         “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
23          is authorized to be appropriated out of the Airport and  
24          Airway Trust Fund to carry out this section

1 \$4,300,000,000 for fiscal years beginning after September  
2 30, 1993.

3 “(i) DEFINITIONS.—For the purposes of this section,  
4 the following definitions apply:

5 “(1) AGING AIRCRAFT.—The term ‘aging air-  
6 craft’ means an aircraft which has been in service  
7 for at least 15 years.

8 “(2) ELIGIBLE AIR CARRIER.—The term ‘eligi-  
9 ble air carrier’ means an air carrier which has been  
10 issued an operating certificate under part 121 of  
11 title 14, Code of Federal Regulations.

12 “(3) STAGE 2 AIRCRAFT.—The term ‘Stage 2  
13 aircraft’ means an aircraft which complies with  
14 Stage 2 noise levels under part 36 of title 14, Code  
15 of Federal Regulations, as in effect on the date of  
16 the enactment of this section.

17 “(4) STAGE 3 AIRCRAFT.—The term ‘Stage 3  
18 aircraft’ means an aircraft which complies with  
19 Stage 3 noise levels under part 36 of title 14, Code  
20 of Federal Regulations, as in effect on the date of  
21 the enactment of this section.

22 “(5) SECRETARY.—The term ‘Secretary’ means  
23 the Secretary of Transportation.”.

24 (b) CONFORMING AMENDMENT TO TABLE OF CON-  
25 TENTS.—The table of contents contained in the first sec-

1 tion of the Federal Aviation Act of 1958 is amended by  
2 adding at the end of the matter relating to title XI of  
3 such Act the following:

“Sec. 1119. Loan guarantees for acquisition of Stage 3 aircraft.

“(a) In general.

“(b) Terms and conditions.

“(c) Domestic manufacture.

“(d) Retirement of aging and Stage 2 aircraft.

“(e) Default.

“(f) Distribution of loan guarantees.

“(g) Enforcement.

“(h) Authorization of appropriations.

“(i) Definitions.”.

○