



September 4, 2024

The Honorable Chuck Schumer  
Majority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Republican Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Hakeem Jeffries  
Democratic Leader  
U.S. House of Representatives  
Washington, DC 20515

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

On behalf of the American aerospace and defense industry, which employs millions of Americans and contributes billions to the American economy, the Aerospace Industries Association (AIA) encourages you to act urgently and jointly to address key priorities when Congress returns from its August district work period. This includes FY25 appropriations bills, the FY25 National Defense Authorization Act, and tax legislation that reverses current policies discouraging business research and development. Enacting these critical bills will not only protect the health of our industry, which is essential to the economic and national security of the United States but will also reinforce our country's resilience and well-being.

AIA represents our nation's leading aerospace and defense companies. These businesses are responsible for countless innovations, research and development that provides cutting-edge technology to our warfighters, improves aviation safety, and demonstrates our global leadership in space. We look forward to working with you to advance key legislation that is critical to maintaining our national security and our global economic leadership.

We know that passing all 12 regular appropriations bills is among your top priorities, and it is a priority that AIA and our members share. U.S. companies like ours that do business with the Department of Defense, the National Aeronautics and Space Administration (NASA), the Federal Aviation Administration (FAA), and other federal agencies rely on timely and predictable funding to stay on schedule and guide their own investments in staff, facilities, and equipment. Long-term continuing resolutions (CRs), such as those experienced this year, delay and disrupt these investments. We strongly urge you not to support any CR extending beyond this calendar year, because it would repeat and exacerbate the disruption caused by almost six months of CRs this year. Our customers, including our troops, our workers, and their families deserve better.

Secondly, we urge the House to follow the Senate's lead in providing additional funds for both defense and non-defense programs in the final appropriations bills. This is the last year of budget caps imposed by the Fiscal Responsibility Act of 2023, and funding under those caps is insufficient to meet critical needs or even cover inflation. With bipartisan support, the Senate bills provide modest increases of



approximately 3 percent for both defense and non-defense programs. We believe these increases are essential because costs for manufacturing inputs remain persistently high. Without adequate resources, federal contracts, quantities, and delivery schedules must be renegotiated, to the detriment of federal customers and American workers like those in our industry.

For the FAA, FY25 appropriations bills include strong increases to improve aviation safety and increase hiring for air traffic controllers. In both cases, these are needed to address documented challenges and implement important new requirements from the recently enacted FAA Reauthorization Act of 2024. Long-term CRs only push those safety improvements into the future.

The FY25 National Defense Authorization Act (NDAA) is critical legislation that will provide efficiencies to an often-burdensome acquisition process and reduce barriers for small and mid-sized businesses that seek to enter or remain part of the defense industrial base. American servicemembers, and the defense industrial base that supports them, depend on the authorities authorized in the NDAA each year – just as they have for the last 64 years. We urge you to complete this bill well before these critical authorities expire at the end of the calendar year.

Lastly but no less important, restoring the single-year deductibility of research and development expenses is very important to our industry. This is especially true for our small businesses, which are often forced to choose between paying salaries or continuing research into the next generation of potentially life-saving technologies. Our members serving the Defense Department rely on these expenses to generate cutting-edge technology that protects the warfighter and gives our military a competitive advantage over our adversaries. We are not the only U.S. industry harmed by this 2022 change in the tax code, but the effect on our industry is felt more fully in U.S. national security and safety programs. With China doubling down on its R&D tax incentives, we should not be one of the only nations in the industrialized world following this archaic practice.

AIA remains Congress' partner in these efforts, and we appreciate all you are doing to get these vital bills enacted on time. Please let us know how we can support you with this critical agenda.

Respectfully,

A handwritten signature in black ink, appearing to read "Eric Fanning", is written over a light blue circular stamp. The signature is fluid and cursive.

Eric Fanning  
President and CEO  
Aerospace Industries Association