

SENATE BILL REPORT

SB 5328

As Reported by Senate Committee On:
Ways & Means, April 19, 2017

Title: An act relating to creating a community aviation revitalization board.

Brief Description: Creating a community aviation revitalization board.

Sponsors: Senators Honeyford, Hobbs, Bailey, Becker, Miloscia, Angel, Brown, Sheldon, Rivers, Warnick and Rossi.

Brief History:

Committee Activity: Ways & Means: 2/09/17, 4/19/17 [DPS].

Brief Summary of First Substitute Bill

- Creates a Community Aviation Revitalization Board (Board) to provide loans to certain airports available for public use to support general aviation activities.
- Requires the Department of Transportation to support the Board.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5328 be substituted therefor, and the substitute bill do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Ranker, Ranking Minority Member; Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Bailey, Becker, Billig, Carlyle, Conway, Darneille, Fain, Hasegawa, Keiser, Miloscia, Padden, Pedersen, Schoesler, Warnick and Zeiger.

Staff: Daniel Masterson (786-7454)

Background: There are currently 137 airports available for public use in Washington. These airports are eligible for state funding to preserve and improve their facilities through the Department of Transportation's Airport Aid Grant program. The maximum award under the program is \$250,000. The program is funded from the Aeronautics Account, which

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receives revenue from aircraft registration and excise fees and aircraft fuel excise tax. In fiscal year 2016, the Airport Aid Grant program awarded \$1.74 million to 43 airports.

Summary of Bill (First Substitute): The Community Aviation Revitalization Board (Board) is created to make direct loans to certain airports for improvements that primarily support general aviation activities. Eligible airports must be available for public use and have less than 50,000 annual commercial air service passenger enplanements as published by the Federal Aviation Administration.

The Board consists of the following members:

- the Capital Budget Chair and Ranking Minority Member of the Capital Budget committee of the House of Representatives and the Senate Ways and Means committee;
- five members appointed by the Director of Transportation to represent the following: ports, counties, cities, airport managers, and pilots;
- a representative from both the Department of Transportation's Aviation Division and the Department of Commerce; and
- the Director of the Department of Commerce and the Secretary of Transportation must serve as nonvoting advisory members of the Board.

Airports must apply to the Board for consideration. An application must:

- be supported by the port district, city, or county in which the project is located; and
- clearly identify the source of funds intended to repay the loan.

The Board must use, but is not limited to, the following criteria when evaluating loan applications:

- a specific private development or expansion is ready to occur and will occur only if the aviation facility improvement is made;
- the loan application project results in the creation of jobs or private sector capital investment as determined by the Board;
- the loan application project improves opportunities for the successful maintenance, operation, or expansion of an airport or adjacent airport business park;
- the loan application project results in the creation or retention of long-term economic opportunities; and
- the loan application project results in leveraging additional federal funding for an airport.

The Board must develop rules to implement the program and determine the interest rate, terms and conditions of loans, and any local match. However, repayment must begin within three years after a loan is awarded and loans cannot exceed 20 years in duration. The Board must prioritize applications that provide conclusive justification that completion of the loan application project will create revenue-generating opportunities.

The Department of Transportation is required to staff the Board and to manage its fiscal and contract services. The Board must meet three times a year or as deemed necessary by the Department of Transportation.

A revolving fund is created for the program in the custody of the State Treasurer.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Requires that the Department of Transportation provide support to the board instead of the Department of Commerce.
- Requires the Secretary of Transportation to choose appointed board members, and the board chair, instead of the Director of the Department of Commerce.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: Yes.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: In order to become profitable, many smaller airports need to invest in infrastructure that attracts new business. Existing funding sources are restricted only to aviation related projects. There is a gap between project needs and available funding of \$8.4 million per year. Colorado runs a comparable airport loan program that has had no defaults since it was established 20 years ago.

Persons Testifying: PRO: John Dobson, Washington Pilots Association; Warren Hendrickson, Aircraft Owners and Pilots Association.

Persons Signed In To Testify But Not Testifying: No one.