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**SUBSTITUTE HOUSE BILL 1656**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** House Transportation (originally sponsored by Representatives Dent, Gregerson, Hargrove, Tarleton, Klippert, and Clibborn)

AN ACT Relating to a community aviation revitalization loan program; amending RCW 43.79A.040 and 47.68.020; amending 2018 c 2 ss 7028 and 4002 (uncodified); adding new sections to chapter 47.68 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature finds that providing additional funding mechanisms for public use airports that primarily support general aviation activities to implement revenue generating initiatives is in the best interests of the state. The legislature further finds that a revolving loan program would benefit smaller airport development while providing a self-sustaining resource.

NEW SECTION. **Sec.**  (1) The department must convene a community aviation revitalization board to exercise the powers granted under this chapter.

(2) The board must consist of the chairs and ranking minority members of the transportation committees of the house of representatives and the senate, and a representative from both the department of transportation's aviation division and the department of commerce. The board must also consist of the following members appointed by the secretary of transportation: One port district official, one county official, one city official, one representative of airport managers, and one representative of a general aviation pilots organization within Washington that has an active membership and established location, chapter, or appointed representative within Washington. The appointive members must initially be appointed to terms as follows: Two members for two-year terms, and three members for three-year terms which must include the chair. Thereafter, each succeeding term must be for three years. The chair of the board must be selected by the secretary of transportation. The members of the board must elect one of their members to serve as vice chair. The director of commerce and the secretary of transportation must serve as nonvoting advisory members of the board.

(3) Management services, including fiscal and contract services, must be provided by the department of transportation to assist the board in implementing this chapter.

(4) Legislative members of the board are reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members are not entitled to be reimbursed for travel expenses if they are elected officials or are participating on behalf of an employer, governmental entity, or other organization. Any reimbursement for other nonlegislative members is subject to chapter 43.03 RCW.

(5) If a vacancy occurs by death, resignation, or otherwise of appointive members of the board, the secretary of transportation must fill the vacancy for the unexpired term. Members of the board may be removed for malfeasance or misfeasance in office, upon specific written charges by the secretary of transportation, under chapter 34.05 RCW.

(6) A member appointed by the secretary of transportation may not be absent from more than fifty percent of the regularly scheduled meetings in any one calendar year. Any member who exceeds this absence limitation is deemed to have withdrawn from the office and may be replaced by the secretary of transportation.

(7) A majority of members currently appointed constitutes a quorum.

(8) The board must meet three times a year or as deemed necessary by the department of transportation.

(9) Staff support to the board must be provided by the department of transportation as needed.

NEW SECTION. **Sec.**  (1) Each member of the house of representatives who is appointed to the community aviation revitalization board under section 2 of this act may designate another member from the house of representatives to take his or her place on the board for meetings at which the member will be absent, as long as the designated member belongs to the same caucus. The designee has all of the same powers to vote and participate in board deliberations as the other board members.

(2) Each member of the senate who is appointed to the community aviation revitalization board under section 2 of this act may designate another member from the senate to take his or her place on the board for meetings at which the member will be absent, as long as the designated member belongs to the same caucus. The designee has all of the same powers to vote and participate in board deliberations as the other board members.

(3) Each agency head of an executive agency who is appointed to serve as a nonvoting advisory member of the board under section 2 of this act may designate an agency employee to take his or her place on the board for meetings at which the agency head will be absent. The designee has all of the same powers to participate in board deliberations as the other board members, but does not have voting powers.

NEW SECTION. **Sec.**  In addition to other applicable provisions of law pertaining to conflicts of interest of public officials, any community aviation revitalization board member, appointive or otherwise, may not participate in any decision on any board contract in which the board member has any interests, direct or indirect, with any firm, partnership, corporation, or association that would be the recipient of any aid under this chapter. If such participation occurs, the board must void the transaction and the involved member is subject to further sanctions as provided by law. The board must adopt a code of ethics for its members, which must be designed to protect the state and its citizens from any unethical conduct by the board.

NEW SECTION. **Sec.**  The community aviation revitalization board may:

(1) Adopt bylaws for the regulation of its affairs and the conduct of its business;

(2) Adopt an official seal and alter the seal at its pleasure;

(3) Utilize the services of other governmental agencies;

(4) Accept from any federal agency loans or grants for the planning or financing of any project and enter into an agreement with the agency respecting the loans or grants;

(5) Conduct examinations and investigations and take testimony at public hearings of any matter material for its information that will assist in determinations related to the exercise of the board's lawful powers;

(6) Accept any gifts, grants, loans of funds, property, or financial or other aid in any form from any other source on any terms and conditions that are not in conflict with this chapter;

(7) Enter into agreements or other transactions with and accept grants and the cooperation of any governmental agency in furtherance of this chapter;

(8) Adopt rules under chapter 34.05 RCW as necessary to carry out the purposes of this chapter; and

(9) Perform all acts and things necessary or convenient to carry out the powers expressly granted or implied under this chapter.

NEW SECTION. **Sec.**  (1) The community aviation revitalization board may make direct loans to airport sponsors of public use airports in the state for the purpose of airport improvements that primarily support general aviation activities. The board may provide loans for the purpose of airport improvements only if the state is receiving commensurate public benefit, which must include, as a condition of the loan, a commitment to provide public access to the airport for a period of time equivalent to one and one-half times the term of the loan. For purposes of this subsection, "public use airports" means all public use airports not listed as having more than fifty thousand annual commercial air service passenger enplanements as published by the federal aviation administration.

(2) An application for loan funds under this section must be made in the form and manner as the board may prescribe. When evaluating loan applications, the board must prioritize applications that provide conclusive justification that completion of the loan application project will create revenue generating opportunities. The board is not limited to, but must also use, the following expected outcome conditions when evaluating loan applications:

(a) A specific private development or expansion is ready to occur and will occur only if the aviation facility improvement is made;

(b) The loan application project results in the creation of jobs or private sector capital investment as determined by the board;

(c) The loan application project improves opportunities for the successful maintenance, operation, or expansion of an airport or adjacent airport business park;

(d) The loan application project results in the creation or retention of long-term economic opportunities; and

(e) The loan application project results in leveraging additional federal funding for an airport.

(3)(a) If the board chooses to require a local match, the board must develop guidelines for local participation and allowable match and activities.

(b) An application must:

(i) Be supported by the port district, city, or county in which the project is located; and

(ii) Clearly identify the source of funds intended to repay the loan.

NEW SECTION. **Sec.**  The public use general aviation airport loan program, when authorized by the community aviation revitalization board, is subject to the following conditions:

(1) The moneys in the public use general aviation airport loan revolving account created in section 9 of this act must be used only to fulfill commitments arising from loans authorized in this chapter. The total outstanding amount that the board must dispense at any time pursuant to this section must not exceed the moneys available from the account.

(2) On contracts made for public use general aviation airport loans, the board must determine the interest rate that loans must bear. The interest rate must not exceed the amount needed to cover the administrative expenses of the board and the loan program. The board may provide reasonable terms and conditions for the repayment of loans, with the repayment of a loan to begin no later than three years after the award date of the loan. The loans must not exceed twenty years in duration.

(3) The repayment of any loan made from the public use general aviation airport loan revolving account under the contracts for aviation loans must be paid into the public use general aviation airport loan revolving account.

NEW SECTION. **Sec.**  To enhance competition for loans and the quality of projects for which loans are sought, the community aviation revitalization board must take such reasonable measures as are necessary to familiarize government officials and members of the public with this chapter, particularly the board's authority to make loans.

**Sec.**  2018 c 2 s 7028 (uncodified) is amended to read as follows:

The public use general aviation airport loan revolving account is created in the custody of the state treasurer. All receipts from moneys collected under ((~~this chapter~~)) section 4002 of chapter 2, Laws of 2018 and sections 1 through 8 of this act must be deposited into the account. Expenditures from the account may be used only for the purposes described in section 4002 ((~~of this act~~)) of chapter 2, Laws of 2018 and sections 6 and 7 of this act. Only the community aviation revitalization board or the board's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

NEW SECTION. **Sec.**  The community aviation revitalization board and the department of transportation must keep proper records of accounts, which are subject to audit by the state auditor.

**Sec.**  RCW 43.79A.040 and 2017 3rd sp.s. c 5 s 89 are each amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury, and may be commingled with moneys in the state treasury for cash management and cash balance purposes.

(2) All income received from investment of the treasurer's trust fund must be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments must occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer must distribute the earnings credited to the investment income account to the state general fund except under (b), (c), and (d) of this subsection.

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The 24/7 sobriety account, the Washington promise scholarship account, the Gina Grant Bull memorial legislative page scholarship account, the Washington advanced college tuition payment program account, the Washington college savings program account, the accessible communities account, the Washington achieving a better life experience program account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county enhanced 911 excise tax account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family and medical leave insurance account, the food animal veterinarian conditional scholarship account, the forest health revolving account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the low-income home rehabilitation revolving loan program account, the multiagency permitting team account, the northeast Washington wolf-livestock management account, the pilotage account, the produce railcar pool account, the public use general aviation airport loan revolving account, the regional transportation investment district account, the rural rehabilitation account, the Washington sexual assault kit account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account, the life sciences discovery fund, the Washington state heritage center account, the reduced cigarette ignition propensity account, the center for childhood deafness and hearing loss account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, and the radiation perpetual maintenance fund.

(c) The following accounts and funds must receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right-of-way revolving fund, the advanced environmental mitigation revolving account, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

(d) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the custody of the state treasurer that deposits funds into a fund or account in the custody of the state treasurer pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no trust accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

**Sec.**  RCW 47.68.020 and 1993 c 208 s 4 are each amended to read as follows:

As used in this chapter, unless the context clearly indicates otherwise:

(1) "Aeronautics" means the science and art of flight and including but not limited to transportation by aircraft; the operation, construction, repair, or maintenance of aircraft, aircraft power plants and accessories, including the repair, packing, and maintenance of parachutes; the design, establishment, construction, extension, operation, improvement, repair, or maintenance of airports or air navigation facilities; and instruction in flying or ground subjects pertaining thereto.

(2) "Aircraft" means any contrivance now known, or hereafter invented, used or designed for navigation of or flight in the air.

(3) "Airport" means any area of land or water which is used, or intended for use, for the landing and take-off of aircraft, and any appurtenant areas which are used, or intended for use, for airport buildings or other airport facilities or right-of-way, together with all airport buildings and facilities located thereon.

(4) "Department" means the state department of transportation.

(5) "Secretary" means the state secretary of transportation.

(6) "State" or "this state" means the state of Washington.

(7) "Air navigation facility" means any facility, other than one owned or operated by the United States, used in, available for use in, or designed for use in aid of air navigation, including any structures, mechanisms, lights, beacons, markers, communicating systems, or other instrumentalities or devices used or useful as an aid, or constituting an advantage or convenience, to the safe taking-off, navigation, and landing of aircraft, or the safe and efficient operation or maintenance of an airport, and any combination of any or all of such facilities.

(8) "Operation of aircraft" or "operate aircraft" means the use, navigation, or piloting of aircraft in the airspace over this state or upon any airport within this state.

(9) "Airman or airwoman" means any individual who engages, as the person in command, or as pilot, mechanic, or member of the crew in the navigation of aircraft while under way, and any individual who is directly in charge of the inspection, maintenance, overhauling, or repair of aircraft engines, airframes, propellers, or appliances, and any individual who serves in the capacity of aircraft dispatcher or air-traffic control tower operator; but does not include any individual employed outside the United States, or any individual employed by a manufacturer of aircraft, aircraft engines, airframes, propellers, or appliances to perform duties as inspector or mechanic in connection therewith, or any individual performing inspection or mechanical duties in connection with aircraft owned or operated by the person.

(10) "Aeronautics instructor" means any individual who for hire or reward engages in giving instruction or offering to give instruction in flying or ground subjects pertaining to aeronautics, but excludes any instructor in a public school, university, or institution of higher learning duly accredited and approved for carrying on collegiate work, who instructs in flying or ground subjects pertaining to aeronautics, while in the performance of his or her duties at such school, university, or institution.

(11) "Air school" means any person who advertises, represents, or holds out as giving or offering to give instruction in flying or ground subjects pertaining to aeronautics whether for or without hire or reward; but excludes any public school, university, or institution of higher learning duly accredited and approved for carrying on collegiate work.

(12) "Person" means any individual, firm, partnership, corporation, company, association, joint stock association, or body politic; and includes any trustee, receiver, assignee, or other similar representative thereof.

(13) "Municipal" means pertaining to a municipality, and "municipality" means any county, city, town, authority, district, or other political subdivision or public corporation of this state.

(14) "Airport hazard" means any structure, object of natural growth, or use of land, which obstructs the airspace required for the flight of aircraft in landing or taking off at an airport or is otherwise hazardous to such landing or taking off.

(15) "State airway" means a route in the navigable airspace over and above the lands or waters of this state, designated by the department as a route suitable for air navigation.

(16) "Airport sponsor" means any public agency or private entity owning or leasing a public use airport.

(17) "Public agency" means any state, political subdivision of a state, tax-supported organization, or Indian tribe.

(18) "Public use airport" means any airport that is used for public, governmental, county, or municipal purposes for matters of public necessity.

**Sec.**  2018 c 2 s 4002 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF TRANSPORTATION**

Aviation Revitalization Loans (92000003)

The appropriation in this section is subject to the following conditions and limitations:

(1) This appropriation is provided solely for deposit into the public use general aviation airport loan revolving account created in section 7028 ((~~of this act~~)) of chapter 2, Laws of 2018 for direct loans to ((~~political subdivisions of~~)) airport sponsors of public use airports in the state ((~~and privately owned airports~~)) for the purpose of improvements ((~~at public use airports~~)) that primarily support general aviation activities.

(2) The department must convene a community aviation revitalization board to develop criteria for selecting loan recipients, to develop a process for evaluating applications, and to make decisions. The board must consist of the ((~~capital budget~~)) chairs and ranking minority members of the ((~~capital budget~~)) transportation committees of the house of representatives and the senate ((~~ways and means committee~~)), and a representative from both the department of transportation's aviation division and the department of commerce. The board must also consist of the following members appointed by the secretary of transportation: One port district official, one county official, one city official, one representative of airport managers, and one representative of a general aviation pilots organization within Washington that has an active membership and established location, chapter, or appointed representative within Washington. The appointive members must initially be appointed to terms as follows: Two members for two-year terms, and three members for three-year terms which must include the chair. Thereafter, each succeeding term must be for three years. The chair of the board must be selected by the secretary of transportation. The members of the board must elect one of their members to serve as vice chair. The director of commerce and the secretary of transportation must serve as nonvoting advisory members of the board.

(3) The board may provide loans ((~~to privately owned airports~~)) for the purpose of airport improvements only if the state is receiving commensurate public benefit, ((~~such as guaranteed long-term~~)) which must include, as a condition of the loan, a commitment to provide public access to the airport ((~~as~~)) for a ((~~condition~~)) period of time equivalent to one and one-half times the term of the loan. For purposes of this subsection, "public use airports" ((~~that primarily support general aviation activities"~~)) means all public use airports not listed as having more than fifty thousand annual commercial air service passenger enplanements as published by the federal aviation administration.

(4) An application for loan funds under this section must be made in the form and manner as the board may prescribe. When evaluating loan applications, the board must prioritize applications that provide conclusive justification that completion of the loan application project will create revenue-generating opportunities. The board is not limited to, but must also use, the following expected outcome conditions when evaluating loan applications:

(a) A specific private development or expansion is ready to occur and will occur only if the aviation facility improvement is made;

(b) The loan application project results in the creation of jobs or private sector capital investment as determined by the board;

(c) The loan application project improves opportunities for the successful maintenance, operation, or expansion of an airport or adjacent airport business park;

(d) The loan application project results in the creation or retention of long-term economic opportunities; and

(e) The loan application project results in leveraging additional federal funding for an airport.

(5) The repayment of any loan made from the public use general aviation airport loan revolving account under the contracts for aviation loans must be paid into the public use general aviation airport loan revolving account.

Appropriation:

State Taxable Building Construction Account—State $5,000,000

Prior Biennia (Expenditures) $0

Future Biennia (Projected Costs) $0

TOTAL $5,000,000

NEW SECTION. **Sec.**  Sections 2 through 10 of this act are each added to chapter 47.68 RCW.

**--- END ---**