

SENATE BILL REPORT

EHB 1656

As of March 28, 2017

Title: An act relating to a community aviation revitalization loan program.

Brief Description: Establishing a community aviation revitalization loan program.

Sponsors: Representatives Dent, Gregerson, Hargrove, Tarleton, Klippert and Clibborn.

Brief History: Passed House: 3/08/17, 95-2.

Committee Activity: Transportation: 3/27/17.

Brief Summary of Bill

- Creates the Community Aviation Revitalization Loan program, administered by the Washington State Department of Transportation (WSDOT) Aviation Division.
- Creates a loan oversight taskforce that must be consulted prior to WSDOT awarding loans.
- Creates a new Community Aviation Revitalization revolving loan account.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Hayley Gamble (786-7452)

Background: The WSDOT Aviation Division currently administers an aviation grant program, open to public-use airports in Washington. There are currently 137 public-use airports in Washington. WSDOT Airport Aid grant funds may be used for the planning, acquisition, construction, improvement, and maintenance of public-use airports. Current law limits the maximum grant amount WSDOT can provide to an individual project to \$250,000. The WSDOT Aviation Division does not currently offer loans, but if such a program was developed, current law would limit the maximum loan per project to \$250,000. In the 2015-17 biennium, the WSDOT Aviation Division awarded over \$3.8 million in state funding for 96 projects at public-use airports.

An Airport Investment Study Solutions report completed in 2015 by the WSDOT Aviation Division included, among its recommendations, a suggestion to establish a state-sponsored

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revolving aviation infrastructure loan fund. A revolving loan fund is meant to be a self-replenishing pool of funds, using interest and principal payments on old loans to issue new loans.

Summary of Bill: Airport Infrastructure Loan Program and Associated New Account. The Community Aviation Revitalization Loan program (Program) is established for publicly owned or managed airports that do not have more than 50,000 annual commercial passenger enplanements. The WSDOT Aviation Division is directed to administer the Program and adopt, by rule, evaluation and approval processes. Additionally, some specific criteria to be considered when evaluating loan applications are laid out in the bill, including job creation, creation of long-term economic opportunities, and leveraging federal funds.

A new, non-appropriated, revolving loan account is created for the Program. Interest must be charged on the loans at the current federal rate of interest at the time of the loan.

Community Aviation Revitalization Loan Oversight Taskforce (Taskforce). A six-member Taskforce is created to oversee and provide consultation to WSDOT in relation to the new Program. The chair of the Taskforce is the Secretary of Transportation, or their designee. The Taskforce also includes two members from the House of Representatives—one from each caucus, two members from the Senate—one from each caucus, and one member from the Department of Commerce. The Taskforce must be consulted before WSDOT approves a project to receive a loan. Staff support for the Taskforce must be provided by WSDOT as needed. Members of the Taskforce may be eligible for travel reimbursement.

Public Disclosure. Financial, propriety, and commercial information provided as part of a community aviation revitalization loan program application is not subject to public disclosure.

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: PRO: Washington State is behind in maintaining its airports; the taskforce proposed ways to take care of these airports. Grant funds are limited on where they can be spent. The loan program was proposed as part of the study with the intent of also increasing economic development. The Treasurer's office has been consulted on this bill. Airports need multiple sources or revenues to make them sustainable. This would help with economic development options. Many projects are not eligible for current sources of funds for airports. This should allow for revenue generating projects.

OTHER: This bill includes a public disclosure exemption that should not be removed as this bill only applies to public airports, and government to government loans.

Persons Testifying: PRO: Representative Tom Dent, Prime Sponsor; Warren Hendrickson, Aircraft Owners and Pilots Association; John Dobson, Washington State Aviation Alliance.

OTHER: Rowland Thompson, Allied Daily Newspapers of Washington.

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