

# HOUSE BILL REPORT

## SSB 5011

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### As Reported by House Committee On: Transportation

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

**Brief Description:** Concerning a community aviation revitalization loan program.

**Sponsors:** Senate Committee on Transportation (originally sponsored by Senators Honeyford, Frockt, Keiser and Wagoner).

#### **Brief History:**

##### **Committee Activity:**

Transportation: 2/29/20, 3/2/20 [DP].

#### **Brief Summary of Substitute Bill**

- Creates a Community Aviation Revitalization Board (Board) to provide loans to certain airports available for public use to support general aviation activities.
- Creates a loan revolving account and defines its use and certain repayment terms.
- Establishes aviation loan application processes and evaluation criteria.
- Requires the Washington State Department of Transportation to support the Board.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass. Signed by 30 members: Representatives Fey, Chair; Wylie, 1st Vice Chair; Slatter, 2nd Vice Chair; Valdez, 2nd Vice Chair; Barkis, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Young, Assistant Ranking Minority Member; Boehnke, Chambers, Chapman, Dent, Doglio, Duerr, Entenman, Eslick, Goehner, Gregerson, Irwin, Kloba, Lovick, McCaslin, Mead, Orcutt, Ortiz-Self, Paul, Ramos, Riccelli, Shewmake, Van Werven and Volz.

**Staff:** Christine Thomas (786-7142).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

## **Background:**

### *Airport Aid Grant Program.*

The Washington State Department of Transportation (WSDOT) is responsible for the general supervision over the Airport Aid Grant Program (Program), which provides financial assistance to public-use airports. Any city, county, airport authority, political subdivision, federally recognized Indian tribe, public corporation, or person that owns and operates a public-use airport included in the Washington Aviation System Plan is considered an eligible airport sponsor within the Program and may apply for Program funds. The municipality, tribe, or person may act jointly with other municipalities, tribes, or persons to plan or carry out the project. Airport sponsors applying for grants must own or have a long-term lease for the land upon which the project will be completed. There are 137 public-use airports eligible to receive funding from the Program. The maximum grant amount the WSDOT may provide to an individual sponsor in a single Program grant is \$750,000.

### *Airport Investment Study.*

In 2013 the WSDOT began an Airport Investment Study to evaluate short- and long-term airport preservation needs at public-use airports. Analysis of the study resulted in 10 core solutions detailed in the *Airport Investment Solution Handbook* produced in July 2015. These solutions include public-private partnerships, realignment of current transportation revenue allocations, and developing a "best management practices" guidebook for airports. In addition to the core solutions, a number of recommendations were provided, including establishing a state-sponsored revolving aviation infrastructure loan fund.

### *Legislative History.*

The 2018 Capital Budget (Chapter 2, Laws of 1018) created a new Aviation Loan Program (loan program) and appropriated \$5 million to be deposited into a new revolving loan account. Loans must be approved by a board for the purpose of airport improvements. Substitute House Bill 1656, passed in the 2018 Legislative Session, would have permanently codified a community aviation revitalization loan program, but the legislation was vetoed. The 2019 Supplemental Capital Budget (Chapter 413, Laws of 2019) reappropriated the original funding and extended the loan program through June 2021 with modifications from the loan program created in the 2018 Capital Budget.

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## **Summary of Bill:**

### *Creation and Administration of the Community Aviation Revitalization Board.*

The WSDOT must convene a Community Aviation Revitalization Board (Board) to make direct loans to certain airports for improvements that primarily support general aviation activities. The WSDOT is required to staff the Board and to manage its fiscal and contract services. Terms, expectations, and procedures for vacancies of Board members are established. The Board must meet three times a year or as deemed necessary by the WSDOT.

The Board consists of the following members:

- five members appointed by the Director of the WSDOT to represent ports, counties, cities, airport managers, and pilots;

- a representative from the WSDOT's Aviation Division;
- a representative from the Public Works Board; and
- a non-legislative member of the Community Economic Revitalization Board.

*Loan Application Process and Evaluation.*

Airports must apply to the Board for loan consideration. Eligible airports must be available for public use and have less than 75,000 annual commercial air service passenger enplanements as published by the Federal Aviation Administration. 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 prioritize applications providing conclusive justification that completion of the loan application project (project) will create revenue-generating opportunities.

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 project results in the creation of jobs or private sector capital investment as determined by the Board;
- the project improves opportunities for the successful maintenance, operation, or expansion of an airport or adjacent airport business park;
- the project results in creating or retaining long-term economic opportunities; or
- the project results in leveraging additional federal funding for an airport.

*Loan Terms and Account Use.*

The Board must develop rules to implement the program and determine the interest rate, terms and conditions of loans, and any local match. Loan interest rates must not exceed the amount needed to cover the administrative expenses of the Board and the loan program. Loan repayment must begin within three years after a loan is awarded and loans cannot exceed 20 years.

The Public Use General Aviation Airport Loan Revolving Account (Account) created in Chapter 2, Laws of 2018 (2018 Capital Budget) is codified. Funds in the Account may be used to fund only authorized loans as approved by the Board, and loan repayments must be deposited into the Account. Loans issued to airport sponsors of nongovernmental airports must be made only from repaid loan funds deposited into the Account.

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**Appropriation:** None.

**Fiscal Note:** Requested on February 24, 2020.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill is intended to make small public-use airports self sufficient. A revolving loan fund for small airports would improve our airports and qualify projects for federal dollars for runway lights and improved paving. The WSDOT already has a process in place to implement this program, though the grant program funded in the 2019 Capital Budget does not provide funding for revenue-producing projects. The loan program in this bill would provide loans for projects that would increase economic development at small airports and decrease the need for state and other funds. Every airport should be self-sustaining and, at a minimum, cover its operating costs. The state is on the cusp of transportation innovation. Without adequate infrastructure investments, airport operators may miss out on an innovative revolution. This program would provide immediate benefits to airports.

(Opposed) None.

**Persons Testifying:** Senator Honeyford, prime sponsor; David Fleckenstein, Washington State Department of Transportation Aviation Division; John Dobson, Community Aviation Revitalization Board; and Chris Herman, Washington Public Ports Association.

**Persons Signed In To Testify But Not Testifying:** None.