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## Transportation Committee

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### HB 1656

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

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

#### Brief Summary of Bill

- Creates the Community Aviation Revitalization Loan Program (loan program) and establishes a revolving loan account within the Aeronautics Account.
- Requires the Washington State Department of Transportation's Aviation Division to administer the loan program.
- Creates the Community Aviation Revitalization Loan Oversight Task Force to oversee and provide consultation on the loan program.

**Hearing Date:** 2/13/17

**Staff:** Patricia Hasan (786-7292).

#### Background:

A combination of federal, state, and local funds are leveraged to address airport capital and preservations needs at public-use airports. There are currently 137 public-use airports eligible for funding from the Washington State Department of Transportation's (WSDOT) Airport Aid Grant Program, through which the WSDOT solicits grant applications and awards funds, capped at \$250,000 for an individual applicant, once per year. Any city, county, airport authority, political subdivision, federally recognized Indian tribe, public corporation, or person(s) 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(s) 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. Sixty-four of the public-use airports in Washington are also eligible to receive federal funding through the federal Airport Improvement Program.

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In 2013 the WSDOT began an Airport Investment Study to evaluate short- and long-term airport capital and preservation needs at Washington's public-use airports and identify any potential gaps between forecast funding and needs. The WSDOT found that the 134 public-use airports evaluated for the study would need an estimated \$3.6 billion in projects during the 20 years following the study.

Analysis of the study resulted in 10 core solutions to bridge the funding gap detailed in an *Airport Investment Solution Handbook* produced in July 2015. One core solution is to establish a state-sponsored 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. The WSDOT found the key benefits of this approach to include: (1) a new self-generated aviation funding source for revenue-generating projects; (2) a wide range of user group support; and (3) relief for airport bonding and borrowing capacity for other projects and programs. However, key challenges observed by the WSDOT are that: (1) upfront seed money is required; and (2) loans are limited to projects that produce revenue or cut costs to pay back the loans.

### **Summary of Bill:**

The Community Aviation Revitalization Loan Program (loan program) is established for local and small airports to acquire loans to fund capital projects. A revolving loan account is established in the Aeronautics Account to fund the loan program, and interest on a loan is the federal rate of interest at the time the loan is borrowed by an airport. The interest received on a loan and the full balance of the initial loan is repaid into the revolving loan account to fund additional capital projects. The WSDOT may accept gifts, grants, loans of funds, property, contributions, or other financial or other aid in any form from other sources to further the revitalization loan program. The WSDOT may also accept federal agency loans or grants for the planned financing of a project. The State Treasurer's office must establish a new revenue source code to track the revenue that is dedicated to the loan program.

The WSDOT Aviation Division will administer the loan program and must adopt rules and criteria for evaluating and approving loans to small and local airports. Loans may be provided to airports owned or managed by political subdivisions of the state or privately owned airports that provide public access or other public benefit, and do not have more than 50,000 annual commercial service passenger enplanements as reported to the Federal Aviation Administration. Loans will only be awarded to applicants that clearly identify a viable source of funds intended to repay the loan. When evaluating loan applications, the WSDOT must consider whether the project will encourage job creation, provide capital improvements to the airport, result in long-term economic opportunities dependent on the airport, or result in leveraging additional federal funding for the airport.

The Community Aviation Revitalization Loan Oversight Task Force (task force) is created to oversee and provide consultation to the WSDOT regarding the loan program. The chair of the task force will be the Secretary of Transportation or his or her delegate. Members of the task force will be two people from each of the two largest caucuses of Washington's House of Representatives and the Senate as appointed by caucus leadership; a nonvoting member will be from the Department of Commerce (Commerce) as designated by the Director of Commerce. The task force will consult on, review, and approve rules prepared by the WSDOT for

implementation and administration of the loan program. Additionally, the task force must be consulted before the WSDOT approves projects to receive a loan.

Financial and commercial information and records supplied by the applicant for a loan through the loan program is exempt from disclosure.

**Appropriation:** None.

**Fiscal Note:** Available.

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