

SENATE BILL REPORT

SHB 1656

As Passed Senate, March 2, 2018

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

Brief Description: Concerning a community aviation revitalization loan program.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Dent, Gregerson, Hargrove, Tarleton, Klippert and Clibborn).

Brief History: Passed House: 2/13/18, 98-0.

Committee Activity: Transportation: 2/19/18, 2/26/18 [DP].

Floor Activity:

Passed Senate: 3/02/18, 48-0.

Brief Summary of 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 (DOT) to support the Board.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Hobbs, Chair; Saldaña, Vice Chair; King, Ranking Member; Chase, Cleveland, Dhingra, Fortunato, Liias, McCoy, Sheldon, Takko, Walsh, Wellman and Zeiger.

Staff: Hayley Gamble (786-7452)

Background: The DOT Aviation Division currently administers an aviation grant program, open to public use airports in Washington. There are currently 137 public use airports in Washington. DOT Airport Aid grant funds may be used for the planning, acquisition, construction, improvement, and maintenance of public use airports. Current aeronautics statutes limit the maximum grant or loan amount DOT can provide from appropriations made by the legislature at \$750,000 per project. In the 2015-17 biennium, the DOT Aviation Division awarded over \$3.8 million in state grants for 96 projects at public use airports.

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.

An Airport Investment Study Solutions report completed in 2015 by the DOT Aviation Division included, among its recommendations, a suggestion to establish a state-sponsored revolving aviation infrastructure loan fund.

Language in the adopted 2018 capital budget (SSB 6090), created a new separate aviation loan program and provided a \$5 million appropriation to be deposited into a new revolving loan account. Loans must be approved by a board for the purpose of airport improvements.

Summary of Bill: Creation of Aviation Loan Board. DOT must convene a Community Aviation Revitalization Board (Board) 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:

- chairs and ranking minority members of the transportation committees of the House of Representatives and the Senate (or their designees);
- five members appointed by the Director of Transportation to represent 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 DOT must serve as nonvoting advisory members of the Board.

Loan Application Process and Evaluation. 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. 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 in duration. The Board must prioritize applications that provide conclusive

justification that completion of the loan application project will create revenue-generating opportunities.

DOT 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 DOT.

Loan Account and Capital Budget Codification. The Public Use General Aviation Airport Loan Revolving Account (Account) as created in the 2018 capital budget is codified. Funds in the Account may only be used to fund authorized loans as approved by the Board, and repayment of the loans must be paid into the Account. Uncodified language in the 2018 capital budget creating the Board and loan program is harmonized with similar language in sections 2 through 8 of this bill.

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: There is currently an aviation grant program that supports a lot of aviation activities but it is limited. The new loan program in this bill would allow for other activities to be covered. This is a loan program. There are some similar but the vision is to have this work like the public works trust fund. Washington State Aviation Alliance supports this bill. The current grant program is somewhat limited, but what airports need is a mechanism for self-sufficiency. This bill will help increase use of underutilized economic assets.

Persons Testifying: PRO: Representative Tom Dent, Prime Sponsor; David Ketchum, Washington State Aviation Alliance; John Dobson, Washington Pilots Association; Susie Tracy, Washington Airport Management Association; Chris Herman, Washington Public Ports Association.

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