
Transportation Committee

HB 1456

Brief Description: Concerning a community aviation revitalization loan program.

Sponsors: Representatives Dent, Springer, Orcutt, Mosbrucker, Gregerson, Ybarra, Slatter, Chapman, Dye, Hoff, Eslick, Lovick, Tarleton, Jenkin and Riccelli.

Brief Summary of Bill

- Directs the Washington State Department of Transportation to convene a Community Aviation Revitalization Board (Board) to provide loans to certain public use airports for projects that support general aviation activities.
- Provides guidelines for how the Board may operate and for how the Board should receive and review loan applications.

Hearing Date: 2/7/19

Staff: Patricia Hasan (786-7292).

Background:

A combination of federal, state, and local funds are leveraged to address airport capital and preservation needs at public-use airports. There are 135 public-use airports eligible for funding from the Washington State Department of Transportation's (WSDOT) Airport Aid Grant Program (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 grant program and may apply for grant program funds. A 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.

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.

In 2013 the WSDOT began an Airport Investment Study to evaluate short- and long-term airport capital and preservation needs at public-use airports and identify any potential gaps between forecasted funding and needs. The WSDOT found that the 134 public-use airports evaluated for the study would need an estimated \$3.6 billion in project funding 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 principle 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.

The 2017-2019 Capital Budget appropriated \$5,000,000 to the WSDOT to create a Community Aviation Revitalization Board (Board) to provide loans to political subdivisions of the state and privately owned airports for airport improvements. The Board was directed to develop criteria for selecting loan recipients and to develop a process for evaluating applications. The Capital Budget also established the Public Use General Aviation Airport Loan Revolving Account (Account) in the custody of the State Treasurer. The expenditures from this Account may only be used to fund authorized loans as approved by the Board, and repayment of the loans must be paid back into the Account. The authority for the Board and the Account expires at the end of the 2017-2019 biennium, which is June 30, 2019.

Summary of Bill:

Community Aviation Revitalization Board.

The Board established in the Capital Budget is modified to 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 has the following membership requirements:

- representatives from the WSDOT's Aviation Division, the Public Works Board, and a nonlegislative member of the Community Economic Revitalization Board; and
- five members appointed by the Secretary of Transportation (Secretary) to represent the following: port districts, counties, cities, airport managers, and a general aviation pilots organization within the state.

The chair must be appointed by the Secretary, and the vice chair must be selected by the Board members.

The Board may:

- adopt bylaws, an official seal, and rules necessary to carry out the Public Use General Aviation Airport Loan Program (Loan Program);
- accept from any federal agency loans or grants for the financing of projects; and

- accept any gifts, grants, loans of funds, property, or financial or other aid in any form from other sources.

Board members may not participate in any decision the Board makes on loan applications in which the Board member has a direct or indirect interest with the loan recipient or project. The Board must develop rules to implement the Loan Program, including how loan applications are to be made and submitted. The Board must also conduct public outreach regarding the Loan Program.

The WSDOT is required to provide staff support to the Board and to manage its fiscal and contract services. The Board must meet three times per year or as deemed necessary by the WSDOT. Both the Board and the WSDOT must keep proper records of accounts, which are subject to audit by the State Auditor.

Loan Application and Evaluation Requirements.

Loans may be provided by the Board for airport improvements only if the state is receiving commensurate public benefit. This must include a commitment to provide public airport access for a period of time equivalent to 1.5 times the term of the loan. Loans may be provided to airports having fewer than 50,000 annual commercial air service passenger enplanements as published by the Federal Aviation Administration.

The Board must determine the interest rate, terms and conditions of loans, and whether any local match will be required. Repayment of a loan must begin within three years after a loan is awarded, and loans may not 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.

Airports must apply to the Board for loan 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 using, the following criteria when evaluating a loan application:

- that a specific private developer or expansion is ready to occur and will occur only if the aviation facility improvement is made;
- that the loan application project results in the creation of jobs or private sector capital investment as determined by the Board;
- that the loan application project improves opportunities for the successful maintenance, operation, or expansion of an airport or adjacent airport business park;
- that the loan application project results in the creation or retention of long-term economic opportunities; or
- that the loan application project results in leveraging additional federal funding for an airport.

Loan Account.

The Account as created in the Capital Budget is modified so that moneys in the Account that are attributable to appropriations of state bond proceeds may not be expended for loans to airports that are owned by nongovernment entities.

Definitions.

The following definitions are made for use in aeronautics statutes:

- "Airport sponsor" means any public agency or private entity owning or leasing a public use airport.
- "Public agency" means any state, political subdivision of a state, or tax-supported organization.
- "Public use airport" means any airport that is used for public, governmental, county, or municipal purposes for matters of public necessity.

Appropriation: None.

Fiscal Note: Available.

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