

SENATE BILL REPORT

SB 5011

As Reported by Senate Committee On:
Transportation, February 18, 2019

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

Brief Description: Concerning a community aviation revitalization loan program.

Sponsors: Senators Honeyford, Frockt, Keiser and Wagoner.

Brief History:

Committee Activity: Transportation: 2/04/19, 2/18/19 [DPS].

Brief Summary of First Substitute 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 to support the Board.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5011 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hobbs, Chair; Saldaña, Vice Chair; King, Ranking Member; Sheldon, Assistant Ranking Member; Cleveland, Das, Fortunato, Lovelett, Nguyen, O'Ban, Padden, Randall, Takko, Wilson, C. and Zeiger.

Staff: Daniel Masterson (786-7454)

Background: The Department of Transportation (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 to plan, acquire, construct, improve, and maintain 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.

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.

Studies. 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.

Legislative History. Language in the 2018 capital budget—SSB 6090—created a new 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. SHB 1656, which would have permanently codified a community aviation revitalization loan program, was passed later in the 2018 legislative session, but was vetoed. The 2020 capital budget—SHB 1102—extended the program created in 2018 through June 2021.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): Creation of Aviation Loan Board. DOT must convene the 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 75,000 annual commercial air service passenger enplanements as published by the Federal Aviation Administration.

The Board consists of the following members:

- five members appointed by the director of DOT to represent ports, counties, cities, airport managers, and pilots;
- a representative from DOT'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 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 creating or retaining long-term economic opportunities; or
- 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. The Board must prioritize applications providing 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) 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 loan repayments must be paid into the Account. Loans issued to airport sponsors of nongovernmental airports must only be made from repaid loan funds deposited into the Account.

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (First Substitute): Airports eligible for the loan program can have up to 75,000 annual enplanements, rather than 50,000 enplanements.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill addresses veto concerns about legislators serving on the Board, also addresses some of the concerns of the Treasurer's Office. This bill had strong support in both chambers last year. The Governor's Office had some concerns about the make-up of the board which has been changed. Loans will go towards generating infrastructure. We would like to increase the enplanements of the bill to 75,000 to bring it in-line with the bill that is in the house. This bill is important for local airports.

OTHER: DOT supports this bill. A lot of work has been going on regarding this program. This program is almost ready to go.

Persons Testifying: PRO: Senator Jim Honeyford, Prime Sponsor; John Dobson, Washington State Aviation Alliance; Steve DuPont, Central Washington; Chris Herman, Washington Public Ports Association.

OTHER: David Fleckenstein, DOT Aviation Division.

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