HOUSE BILL REPORT
HB 1030

As Reported by House Committee On:
Transportation
Capital Budget

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

Brief Description: Concerning a community aviation revitalization loan program.

Sponsors: Representatives Dent, Springer, Boehnke, Eslick, Callan and Slatter.

Brief History:
Committee Activity:
Transportation: 1/25/21, 2/2/21 [DP];
Capital Budget: 2/17/21, 2/19/21 [DP].

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.

- 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.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 28 members: Representatives Fey, Chair; Wylie, 1st Vice Chair; Bronoske, 2nd Vice Chair; Ramos, 2nd Vice Chair; Barkis, Ranking Minority Member; Eslick, Assistant Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Volz, Assistant Ranking Minority Member; Berry, Chapman,

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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 part of the legislation nor does it constitute a statement of legislative intent.

Dent, Duerr, Entenman, Goehner, Hackney, Klicker, Lovick, McCaslin, Orcutt, Paul, Ramel, Riccelli, Slatter, Sutherland, Taylor, Valdez, Walsh and Wicks.

Staff: Christine Thomas (786-7142).

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 2018) 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 (SHB 1656) passed in the 2018 Legislative Session and 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 to the loan program per SHB 1656. Similar legislation to SHB 1656 was offered in the 2019 and 2020 legislative sessions, but did not pass the Legislature.

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, or 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.

Definitions.
The following terms are defined 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, tax-supported organization, or Indian tribe.
- "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 contains an emergency clause and takes effect on June 30, 2021.

Staff Summary of Public Testimony:

(In support) The Community Aviation Revitalization Loan program allows smaller airports to access funds that would not normally be available to them. The loans fund projects that are revenue-generating and are good for economic development, which grant funding would not allow. This program is a much-needed tool for airports that have a drive to succeed. Loan repayments will fund new loans down the road and thus airports are helping other airports. The program is already fully functional. Making the program permanent will expand its reach and let it become a self-funding program.

(Opposed) None.

Persons Testifying: Representative Dent, prime sponsor; Daniel Gase, Port of Port Angeles; Rich Mueller, Port of Moses Lake; Warren Hendrickson, Port of Bremerton; and David Fleckenstein, Washington State Department of Transportation.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 23 members: Representatives Tharinger, Chair; Callan, Vice Chair; Hackney, Vice Chair; Steele, Ranking Minority Member; Abbarno, Assistant Ranking Minority Member; McEntire, Assistant Ranking Minority Member;

Bateman, Dye, Eslick, Gilday, Kloba, Kraft, Leavitt, MacEwen, Maycumber, Mosbrucker, Peterson, Riccelli, Rule, Santos, Sells, Shewmake and Volz.

Staff: Kelci Karl-Robinson (786-7116).

Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Transportation:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on June 30, 2021.

Staff Summary of Public Testimony:

(In support) The Community Aviation Revitalization Loan program has been in operation for almost two years and is in high demand. Codification is necessary to allow the program to operate without an appropriation by using the revenue from loan repayments. Federal grant money may not be used on economic development; whereas the loan program allows funding to be used for revenue-generating development. The bill passed unanimously out of both chambers in 2018, but was vetoed by the Governor. The loans allow for the development of additional hanger space, which means more airplanes and more jobs.

(Opposed) None.

Persons Testifying: Representative Dent, prime sponsor; and Daniel Gase, Port of Port Angeles.

Persons Signed In To Testify But Not Testifying: None.