

SENATE BILL REPORT

SB 5031

As of February 11, 2021

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

Brief Description: Concerning a community aviation revitalization loan program.

Sponsors: Senators Honeyford, Brown, Cleveland, Frockt, Holy, Mullet and Warnick.

Brief History:

Committee Activity: Transportation: 1/21/21, 2/01/21 [DP].

Ways & Means: 2/11/21.

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 Washington State Department of Transportation to support the board.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Hobbs, Chair; Saldaña, Vice Chair; King, Ranking Member; Cleveland, Das, Fortunato, Hawkins, Lovelett, Nguyen, Nobles, Padden, Randall, Sheldon, Wilson, C. and Wilson, J.

Staff: Daniel Masterson (786-7454)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Richard Ramsey (786-7412)

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.

Background: Aviation Revitalization Loans. The Community Aviation Revitalization Loan Program was originally established by SSB 6090 in the 2018 capital budget and funded with \$5 million to provide loans for revenue-producing capital projects that help public use general aviation airports become more self-sustainable. There are currently 137 public use airports in Washington. SHB 1656, which passed the Legislature in 2018, but was vetoed by the Governor, would have permanently established the program in statute. The 2019 capital budget reestablished the loan program through June 30, 2021, and made changes to the membership of the Community Aviation Revitalization Board, which governs the loan program. SSB 5011, which passed the Senate, but not the House in 2020, would have permanently established the program in statute.

Airport Aid Grant Program. The Washington State Department of Transportation (WSDOT) Aviation Division administers a separate aviation grant program, open to public use airports in Washington. WSDOT Airport Aid grant funds may be used to plan, acquire, construct, improve, and maintain public use airports. Current aeronautics statutes limit the maximum grant or loan amount WSDOT can provide from appropriations made by the Legislature at \$750,000 per project.

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

Summary of Bill: Creation of Aviation Loan Board. WSDOT must convene the board to make direct loans to certain airports for improvements that primarily support general aviation activities. Eligible airports may be publicly or privately owned, must be available for public use, and must 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 WSDOT to represent ports, counties, cities, airport managers, and pilots;
- a representative from 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 consideration. 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 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 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 take such reasonable measures as are necessary to familiarize government officials and members of the public with this chapter, particularly the board's authority to make loans.

WSDOT must staff the board and manage its fiscal and contract services. The board must meet three times a year or as deemed necessary by WSDOT.

Loan Account and Capital Budget Codification. The Public Use General Aviation Airport Loan Revolving Account (account) reenacted in the 2019 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.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect on June 30, 2021.

Staff Summary of Public Testimony (Transportation): PRO: This program has been well received. The program has all of the funding money and there are more airports ready to apply. This program financed an extensive expansion to water and sanitary systems. The project was successfully completed on time and on budget. This will support additional hangers as planned for in the airport master plan. Keep this important economic development tool. This loan will support an airport multi-purpose facility that would have

been difficult to finance because of the ports other necessary capital investments. The loan will create jobs and has a great multiplier effect. A similar program in Colorado has obligated its entire \$24 million of funding to airport projects and Colorado has fewer airports than Washington. In 21 years, no airports participating in the Colorado program have had any delinquent payments. This program gives airports tools that they just do not have access to otherwise. The local community inside and outside the fence will benefit. The program is developing into an option that airports can now look for. Each time the program has accepted applications, we have seen applications from new airports. This means word is getting out. We have seen hanger construction, land acquisition, above ground tanks, and other types of projects. The projects are well vetted by transportation staff and prioritized. The program is a good and growing asset for the state. The Department of Transportation supports this bill. With the \$5 million in funding the program has received, the program is fully operational. The program has received 26 loan applications totaling \$14.9 million and has selected 11 projects, obligating all of the available funds. Over time this program can reduce dependence on state and federal grant programs. This program serves a different purpose than the FAA grant program. Spokane International Airport has a backlog at Felts Field and supports this bill.

Persons Testifying (Transportation): PRO: Senator Jim Honeyford, Prime Sponsor; Daniel Gase, Port of Port Angeles; Warren Hendrickson, Port of Bremerton; Rich Mueller, Port of Moses Lake; Michael Echanove, CARB; Cory Wright, Kittitas County Commissioner; David Fleckenstein, Washington State Department of Transportation; Senator Mike Padden.

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

Staff Summary of Public Testimony (Ways & Means): PRO: This program has been effective and well received. Because the Bremerton Airport was able to get a \$750,000 airport loan, the port district was able to pursue a \$15 million marina project. The State of Colorado has had an airport revolving loan program since 1999; it is capitalized at \$24 million and adds \$100,000 per year in interest payments. Colorado has 74 public use airports; Washington has 137. Port Angeles received a \$750,000 loan for water and sanitary sewer line; this has enabled the airport to add a significant hanger.

Persons Testifying (Ways & Means): PRO: Senator Jim Honeyford, Prime Sponsor; Warren Hendrickson, Port of Bremerton; Dan Gase, Port of Port Angeles.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.