



ECONOMIC DEVELOPMENT

April 15, 2019

RE: Support of HB 2402

CO-Chairs of the Joint Committee on Transportation

Dear Representative McKeown and Senator Beyer,

The Bend Municipal Airport, owned and operated by the City of Bend, is requesting your support of HB 2402.

HB 2402 removes the January 1, 2022 sunset on the aviation and jet fuel tax that was authorized by HB 2075 in 2015. Passage of HB 2075 resulted in grant funding for the State's Aviation System Action Program (ASAP) which primarily supports airport capital improvement projects and air service development programs. Of the ASAP grants approximately \$3.7M annually provide a leverage of \$33.2M in federal infrastructure grant funds. (See attached summary for further detail.)

The Federal Aviation Administration (FAA) provides limited funding for airport capital projects but cannot cover all airport infrastructure needs and cannot be used at all for air service development programs. State grant funding for airports is critical to their continued success. Beginning in 2018, aviation was cut from Connect Oregon funding, resulting in an average twenty-five-million-dollar (\$25M) annual grant revenue loss for Oregon airports. Up until 2018, Oregon airports had received generous funding from the Connect Oregon program which was used to match

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grant funding from the FAA. This dramatic shift in the Connect Oregon Program results in a significant funding loss which desperately needs to be restored. The State's ASAP grant funds provide a fraction of the lost Connect Oregon funds and will disappear in 2022 if the sunset is not removed. In addition, the loss of Connect Oregon funding has significantly increased competition among Oregon airports for the limited available funding sources through the ASAP.

Without the passage of HB 2402, Oregon airports will lose this lone source of grant funding due to the current sunset provision which becomes effective in January of 2022. Passage of HB 2402 will ensure that the grant program will continue to assist the Bend Municipal Airport and many other Oregon airports with an opportunity to receive funding from the ASAP, which is often used to provide the required local grant match for FAA-funded projects.

We strongly urge your support of HB 2402. HB 2402 assists Oregon's entire network of public use airports, including the Bend Municipal Airport, by providing certainty, economic growth, and sustainability that are desperately needed.

Sincerely,



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Attachments: Support HB 2402 Summary Sheet
News Release Rural Oregon Aviation Relief (ROAR) Grant Awards



Support HB 2402

Rural airports have few resources and often have difficulties producing matching funds to leverage state and federal grants. In 2015, the Legislature recognized these challenges and passed HB 2075. This bill increased the tax on Aviation Gas and Jet Fuel by \$0.02 per gallon to support Oregon's rural airports and spur economic development. The increase is estimated to generate \$7.7 million in the 2019-2021 biennium. \$3.7 million will be dedicated to funding the COAR program, which has the potential to leverage \$33.2 million in federal AIP dollars. The program sunsets in January 2022.

HB 2075 funds three important aviation programs:

- 1. Critical Oregon Airport Relief Program (COAR) – 50%**
 - Match requirements for federal dollars (FAA grants)
 - Emergency preparedness and infrastructure, including seismic studies, emergency generators, etc.
 - Critical infrastructure, services, and local economic development
- 2. State Owned Airports Reserve Program (SOAR) – 25%**
 - Safety improvements recommended by the Oregon State Aviation Board and local community airports
 - Infrastructure projects at public use airports
- 3. Rural Oregon Aviation Relief Program (ROAR) – 25%**
 - Commercial air service to rural Oregon

Preservation and improvement of the state's aviation system will require additional investment if airports are to continue to drive over **\$24 billion** in economic activity and support over **76,000 direct and indirect jobs** in Oregon. Airports need a funding source that is stable and certain to support economic development and leverage 10x in federal funding.

HB 2402

- Removes the January 1, 2022 sunset on the Aviation fuel and Jet fuel tax that was authorized by HB 2075
- Removes the sunset on the allocations of the new tax revenue
- Initiates a legislative conversation about the need for additional resources to fund rural airports and the Department of Aviation

HB 2402 provides certainty, growth, and sustainability for Oregon's network of local airports.

For more information, contact Jenny Dresler or JL Wilson at Public Affairs Counsel



Oregon

Kate Brown, Governor



NEWS RELEASE |

Aviation Board awards \$1.5 M to support commercial air service projects

By Mary Buell

Published April 5, 2019 at 12:00 PM

Grants of up to \$500,000 were approved by the Oregon State Aviation Board for projects that will assist commercial air service to rural Oregon.

NEWPORT, OREGON – On April 4, 2019, the Oregon State Aviation Board approved funding for three grants totaling \$1.5 million to assist new or additional commercial air service to Klamath Falls, Medford, and Salem.

It was the highest amount to be awarded from the Rural Oregon Aviation Relief (ROAR) program to date.

Individual grants were capped at \$500,000 and were combined with local funds to leverage a total of \$3.2 million in commercial air service projects.

ROAR is one of three grant programs in the Oregon Department of Aviation's Aviation System Action Program (ASAP). ASAP was a result of the Oregon State Legislature passing House Bill 2075 to increase the fuel tax on Aviation Gas and Jet Fuel by two cents per gallon in 2015. The fuel tax increase became effective January 1, 2016 and currently has a sunset date of January 1, 2022.

Grant recipients and their funded projects are:

- Crater Lake-Klamath Falls Regional Airport, Minimum Revenue Guarantee to restore commercial passenger service
- Rogue Valley International-Medford Airport, Minimum Revenue Guarantee to attract additional air service
- Salem Area Chamber of Commerce, Commercial airline service recruitment and Minimum Revenue Guarantee

For more information about ROAR Grants or to learn how to apply, please visit www.oregon.gov/aviation.

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