



To: Chair Nathanson and Members of the House Revenue Committee

From: John T. Barsalou, A.A.E., Airport Director

Date: June 7, 2021

Re: The Crater Lake – Klamath Regional Airport Supports HB-2434-2

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HB 2434-2 is a win-win situation for Oregon airports and is supported by the Oregon Airport Management Association (OAMA), Oregon Aviation Industries (ORAVI), the Port of Portland, and Alaska Airlines.

Oregon's 97 public-use 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 aviation fuel taxes by 2-cents per gallon to support Oregon's public and rural airports and spur continued resiliency projects and economic development. The increase generates about \$8 million per biennium and has resulted in 109 projects across 49 airports.

The program sunsets in January 2022 unless the legislature approves HB-2434-2 and removes the sunset.

HB 2075 (2015) funded three important aviation programs:

**1. Critical Oregon Airport Relief Program (COAR) – 50%**

- Match requirements for federal dollars (FAA grants) – **leverages \$9 of federal money for every \$1 of state money.**
- 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 9x in federal funding.

### **What does HB 2434-2 do?**

It basically does three important things:

- 1. Removes the January 1, 2022 sunset** on the aviation fuel tax increase that was authorized in 2015;
- 2. Eliminates the ROAR program**, and allocates the existing \$2 million per biennium revenue stream to the COAR program which can be used to potentially leverage up to \$18 million in additional federal grant money; and
- 3. Allows rural air service to be eligible for COAR grants.**

The Crater Lake – Klamath Regional Airport supports HB 2434-2 for two key reasons:

1. Failure to remove the sunset on the 2015 aviation fuel tax increase will result in a major loss of grant-matching funds for Oregon's airports, and will result in an accumulation of safety and deferred maintenance issues at airports across the state.
2. Allows the Oregon Aviation Board to set, by rule, funding priorities for COAR funds, adding flexibility to the program and potentially leveraging even more federal dollars.

**The Crater Lake – Klamath Regional Airport respectfully requests support for HB-2434-2.** HB 2434-2 greatly enhances the safety, emergency preparedness and economic development opportunities at Oregon's 97 public-use airports, including the airport in Klamath Falls.