

2025-27 Budget Review

Department of Aviation

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
General Fund	1,653,073	2,448,406	-	-
Other Funds	9,943,134	25,698,091	25,516,705	29,900,523
Federal Funds	6,474,379	20,733,526	5,392,769	15,552,200
Total Funds	18,070,586	48,880,023	30,909,474	45,452,723
Positions	16	16	15	15
FTE	14.60	15.33	15.00	15.00

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Oregon Department of Aviation (ODAV) manages and coordinates the state's general aviation system, including recreational, business, and emergency response flying. The Department advocates for economic growth, infrastructure improvement, and safe operation of aviation in Oregon. The Department manages a large-scale pavement preservation program for the state's 67 paved public use airports. In addition to statewide aviation transportation plan management and land use coordination, the Department owns, manages, and operates 28 public use airports. The seven-member State Aviation Board, appointed by the Governor, represents aviation interests from the public and private sectors. The Board provides policy direction to the Department.

The Department's key responsibilities include:

- developing and implementing the Oregon Aviation Plan and related policies;
- providing technical assistance on airport planning and development;
- administering the federal general aviation entitlement grant and pavement maintenance program;
- registering aircraft;
- conducting safety inspections on state-owned and other Oregon public airports; and
- maintaining 28 state-owned airports to federal and state safety standards.

The Oregon Department of Aviation is supported entirely by Other and Federal Funds. Aviation and jet fuel taxes are the primary source of funding for agency operations. Other sources of revenue include aircraft registration fees, aircraft dealer license fees, hangar and site leases at state-owned airports, and other charges for services. The agency also receives Federal Funds from the Federal Aviation

Administration (FAA) for aviation system planning and construction projects. The FAA grants cover 90% of project costs and require a 10% state match.

BUDGET ENVIRONMENT

ODAV oversees the maintenance of state-owned airports and ensures compliance with safety and service standards. However, its revenue sources—primarily aviation fuel taxes, federal grants, and fees—are subject to economic shifts, trends in fuel consumption, and levels of general aviation activity, all of which impact funding stability. For example, the COVID-19 pandemic sharply reduced aircraft fuel consumption and, consequently, tax revenues, which traditionally fund about half of ODAV’s budget. In 2020, fuel tax revenues dropped by 40%. Although revenues have rebounded each year since, they remain below pre-pandemic levels and are not expected to keep pace with inflation.

In 2021, the Oregon Legislative Assembly took steps to help stabilize ODAV’s revenue by passing legislation that made permanent a 2% aviation fuel tax increase introduced in 2015 (HB 2434) and by establishing a tall structure fee (SB 38). While these measures have bolstered the agency’s operational revenues, ODAV continues to face challenges in generating funds sufficient to support long-term investments. An updated master plan on Oregon’s aviation system will be required to properly assesses the agency’s needs.

CURRENT SERVICE LEVEL

The 2025-27 current service level budget (CSL) of \$30.9 million total funds is \$18 million, or 36.8%, less than the 2023-25 legislatively approved budget of \$48.9 million. The decrease is primarily due to the phase out of \$17.4 million for federally funded capital construction projects at Aurora Airport, Chiloquin Airport, Cottage Grove Airport, and Lebanon Airport as well as various General Aviation Entitlement projects. Also contributing to the decrease is the removal of one-time General Fund appropriated in 2023-25 for capital improvements at the Cape Blanco Airport (\$2.4 million). The agency’s CSL is also reduced by one position (0.33 FTE) due to a permanent financing plan approved in March 2024.

GOVERNOR’S BUDGET SUMMARY

The 2025-27 Governor’s budget totals \$45.5 million and 15 positions (15.00 FTE) and is \$14.5 million, or 47%, more than the current service level of \$30.9 million. The increase is largely due to an \$8 million increase in the General Aviation Entitlement Program budget for 23 capital projects at the following airports:

- Aurora Airport (\$85,000)
- Bandon Airport (\$746,111)
- Chiloquin Airport (\$624,444)
- Condon Airport (\$650,000)
- Cottage Grove Airport (\$750,000)
- Independence Airport (\$932,000)
- Joseph Airport (\$1.5 million)
- Lebanon Airport (\$846,111)

- McDermitt Airport (\$610,000)
- Mulino Airport (\$975,000)
- Siletz Bay Airport (\$305,000)

General Aviation Entitlement projects address safety, operations, and development at airports in Oregon and are funded with 90% FAA funds. The remaining 10% of the project costs are funded with ODAV Other Funds. Also contributing to the increase are two capital construction projects at the Oakridge and Mulino Bay airports. The Oakridge Airport runway rehabilitation project totals \$2.6 million and is funded in part by a grant from the Oregon Department of Transportation, ConnectOregon program. The federally funded Mulino Bay Airport waterline and runway repairs project totals \$2.8 million.

The Governor’s budget also includes a \$772,775 Other Funds increase for the establishment of a new Advanced Air Mobility program funded by a 5% surcharge on a proposed commercial unmanned aircraft liability insurance requirement (LC 287). This program intends to help coordinate and enable new types of aviation in the state. Additionally, the budget includes a \$70,460 increase in Other Funds for a new Aircraft Registration and Airport Leasing software system.

OTHER SIGNIFICANT ISSUES

The growth of Advanced Air Mobility and Uncrewed Aircraft Systems challenges ODAV to adapt its infrastructure, regulatory frameworks, and revenue models. As electric and hybrid aircraft and drones increasingly replace traditional fuel-reliant vehicles, ODAV may face declining fuel tax revenues while needing to invest in new infrastructure, such as vertiports and digital management systems. Additionally, ODAV must align state policies with national AAM guidelines, address public concerns around safety and privacy, and explore new funding sources. However, these innovations offer opportunities for ODAV to enhance public safety, support economic development, and contribute to Oregon’s sustainability goals.

KEY PERFORMANCE MEASURES

A copy of the Oregon Department of Aviation Annual Performance Progress Report can be found on the LFO website: [KPM - View Report](#)

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