

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5504-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. D. Edwards
Carrier – Senate: Sen. Starr**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 21 – 0 – 1

House – Yeas: Buckley, D. Edwards, Galizio, Garrard, Gilman, Jenson, Komp, Kotek, Nathanson, Richardson, Shields

– Nays:

– Exc: G. Smith

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Jim Carbone, Department of Administrative Services

Reviewed By: Monica Brown, Legislative Fiscal Office

Meeting Date: June 5, 2009

Agency

Department of Aviation

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Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)		2009-11 Essential Budget Level		2009-11 Committee Recommendation		Committee Change from 2007-09 Leg. Approved	
							\$\$ Change	% Change
Other Funds	\$	6,824,449	\$	6,826,725	\$	6,783,265	\$ -41,184	-0.6%
Federal Funds		1,243,000		970,000		970,000	-273,000	-21.9%
Total	\$	8,067,449	\$	7,796,725	\$	7,753,265	\$ -314,184	-3.9%

Position Summary

Authorized Positions	17	16	17	0
Full-time Equivalent (FTE) positions	17.00	16.00	16.38	-0.62

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of Aviation is supported by jet and aviation fuel taxes, pilot and aircraft registration fees, hanger fees, fuel flowage fees and other miscellaneous revenues. In addition, the agency receives Federal Funds from the Federal Aviation Administration to provide grants for capital construction and planning.

The Subcommittee approved two companion bills to support the agency’s programs:

- House Bill 2149-A increases the registration fee for each of the existing nine aircraft classifications and creates one new classification. The fee increases range from \$3 to \$188 per year. The new fee levels are expected to generate an additional \$142,330.
- House Bill 2150-A increases the initial pilot registration fee from \$8 to \$12 and the renewal fee from \$16 to \$24 per year. The new fee levels are expected to generate an additional \$38,315.

Summary of Transportation/Economic Development Subcommittee Action

The Department of Aviation manages and maintains all state-owned airports, registers approximately 4,200 aircraft and 2,545 pilots, conducts aviation system planning and provides technical assistance on airport planning and development. The Subcommittee approved a budget of \$7.75 million Total Funds, or approximately 0.6 percent less than the essential budget level.

While not part of this budget bill, the Subcommittee also reviewed and recommended approval of \$1,575,000 in Capital Construction Total Funds for improvements at the Joseph Airport. This component of the agency’s budget may be incorporated into the statewide Capital Construction bill.

In Package 090, the Subcommittee approved transferring \$300,000 Other Funds expenditure limitation from the Operations budget structure to the Aircraft Registration budget structure.

Under an agreement with the Port of Portland, the agency has been operating the Mulino Airport with the understanding that the agency would assume ownership when the airport attained financial self-sufficiency. In Policy Package 100, the Subcommittee authorized the agency to assume ownership of the Mulino Airport on July 1, 2009, for \$1.

In a related action, as part of Package 101, the Subcommittee authorized a limited duration, Aviation Operations Specialist position (.38 full-time equivalent). This position will provide daily operational oversight for the Aurora, Independence, and Mulino airports.

Because of concerns over the estimated 2009-11 ending cash balances within the agency, the Subcommittee approved the following Budget Note:

Budget Note

The Department of Aviation shall report to the Emergency Board no later than March 2010 with an update on the agency's financial position including an update on implementation of the fee increases, estimate of revenue from the Mulino Airport, and the agency's proposed policy change to reimburse administrative costs.

The Subcommittee approved Package 107 which uses a portion of the increased revenue generated by the increase in aircraft registration fees (as proposed in House Bill 2149) to upgrade the agency's registration software. An increase of \$25,510 Other Funds expenditure limitation is approved.

In Package 108, the Subcommittee approved \$15,000 Other Funds expenditure limitation to allow the agency to upgrade its registration software. This expenditure will be supported by revenue from the Pilot Registration fee increase that is proposed in House Bill 2150. The balance of registration fees are used for the Search & Rescue program within the Oregon Military Department's Office of Emergency Management.

Budget Note

The Department of Aviation and the Oregon Military Department shall jointly report to the Emergency Board no later than September 2010 concerning the revenues generated from the increase to Pilot Registration fees and changes made to program delivery for Search & Rescue.

The Subcommittee approved adjusting the agency's 2009-11 estimated beginning balances to reflect the most recent estimate for 2007-09 revenues and expenditures. In addition, several transfer accounts were adjusted. Package 801 adjustments are as follows:

- Operations Program: Reduce the Beginning Balance by \$21,871; reduce Transfers from the Department of Transportation by \$300,965; reduce Transfers In by \$268,011; decrease Transfers Out by \$12,500.
- Search & Rescue Program: Reduce Beginning Balance by \$11,119.
- General Aviation Entitlement Program: Increase the Beginning Balance by \$16,348.
- Pavement Maintenance Program: Increase the Beginning Balance by \$429,114; decrease Transfers from the Department of Transportation by \$305,194; increase Transfers In by \$10,000; decrease Transfers Out by \$178,338.

Package 801 also included a transfer of \$181,292 Other Funds expenditure limitation and one position (1.00 full-time equivalent) associated with administration of the Pavement Maintenance Program from the Operations budget structure to the Pavement Maintenance budget structure, and reduced expenditures in the Operations Division by \$144,971 Other Funds to ensure an appropriate ending cash balance.

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.