

Department of Aviation

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
Other Funds	5,461,765	6,562,654	6,114,823	6,602,953
Federal Funds	1,849,401	7,163,379	3,416,147	7,334,014
Total Funds	7,311,166	13,726,033	9,530,970	13,936,967
Positions	13	13	13	13
FTE	12.33	12.50	12.25	12.25

*includes Emergency Board and administrative actions through December 2014

Program Description

The Department of Aviation (ODA) 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 state manages a large scale pavement preservation program for the state's 66 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.

CSL Summary and Issues

ODA is a fee-and grant-supported agency. The agency has an Other Funds fee package totaling \$265,000 per biennium that, if approved, would provide enough funding to preserve current service levels and an adequate ending fund balance through the next biennium. The package raises fees on pilot, aircraft, and public airport registrations. Registration fee increases are shown in the chart on page 2. Aircraft and pilot registration fees were last raised in 2009; public airport registration fees have not been raised since 1997. Pressure on fee revenues increased with the Federal Aviation Administration Modernization and Reform Act of 2012, which increased local grant match requirements from 5% of project costs to 10% on federally-funded projects.

Department of Aviation Fee Bill, SB 269		
	<i>Current</i>	<i>Proposed</i>
Fee Increases by Type	IN FEE BILL	IN FEE BILL
Pilot Registrations	24	48
Aircraft Registration		
Ex-Military Turbojet	200	300
Ex-Military Multi Engine	200	300
Experimental	40	55
Gyrocopter or glider	40	55
Home Built	40	55
Balloon	40	55
Sail Plane	40	55
Ultralight	30	55
Helicopter Piston	55	65
Helicopter Turbine	110	175
Multi-engine Piston	90	150
Multi-engine Turboprop	200	300
Single engine Piston	55	65
Single Engine Turboprop	200	250
Turbojet	350	700
Public Airports Registration		
Category 1 - Commercial	30	150
Category 2 - Urban General	30	100
Category 3 - Regional General	30	75
Category 4 - Local General	30	50
Category 5 - Remote Access	30	30

Policy Issues

Licenses and fees represent just over 11% of the agency's total revenues and support two functions that are increasingly under-funded.

1. ORS 837.035 dedicates pilot registration fees to search and rescue programs and activities for aviation, including reimbursements for fuel used in search and rescue operations, insurance coverage for people engaged in search and rescue activities, and pilot survival education and training courses. At the current rate of \$24 per biennium, the pilot registration fee would raise just over \$100,000 for the 2015-17 biennium. The proposed increase to \$48 per biennium would nearly double that amount and would maintain current service levels.
2. Aircraft registration fees are used to match Federal Aviation Administration (FAA) grants for maintenance at public use airports, of which the agency owns twelve. In 2012, the required match was increased from 5% to 10% which, absent additional state funds available for match payments, effectively decreased the size of federally-funded airport maintenance and improvement projects. At the current rates, aircraft registration fees are estimated to raise nearly \$600,000 in 2015-17. The proposed fee increases would generate an additional \$167,000 and could leverage an additional \$1.5 million in federal funds for improvements at state-owned public airports.

ODA's other revenue sources consist of fuel taxes and federal funding from the Federal Aviation Administration (FAA) for airport planning and construction projects. Fuel taxes account for about half of the agency's revenues; aviation fuel tax rates--\$0.09/gallon on aviation gasoline (avgas) and \$0.01/gallon on jet fuel—were last raised in 1999, by \$0.06/gallon and \$0.005/gallon for avgas and jet fuel, respectively. Any discussion about the adequacy of transportation funding from fuel taxes will necessarily affect the ODA, and consideration of fuel tax rate increases might include aviation fuels in addition to motor vehicle fuels. HB 2075 proposes an aviation fuel tax increase of \$0.04/gallon on both avgas and on jet fuel.

Other Significant Issues and Background

The use of unmanned aircraft systems is an increasingly pressing issue. Congress directed the FAA to integrate unmanned aircraft systems into the national airspace system by 2015, and HB 2710 (2013) requires ODA to begin registering drones on January 2, 2016. UAS registration could require the agency to improve or replace its current aircraft registration software. Additionally, Oregon is a Federal Aviation Administration test site for developing commercial uses for drones, with test locations in Tillamook, Warm Springs, and Pendleton, potentially providing businesses in the state with early entry into the developing UAV marketplace.

The Department of Aviation had no Secretary of State audit findings in the 2013-15 biennium. The agency brought two items to the Emergency Board, both in May, 2014:

- **44. Department of Aviation**

Approved the submission of a federal grant application by the Department of Aviation to the Federal Aviation Administration in the amount of \$2,385,000 for improvement to the Cottage Grove State Airport; and increased the Federal Funds Capital Construction expenditure limitation established for the Department of Aviation by section 2(2), chapter 727, Oregon Laws 2013, Oregon Department of Aviation, Cottage Grove State Airport runway rehabilitation, by \$2,385,000 to expend grant funds on the project and increased the Other Funds Capital Construction expenditure limitation established for the Department of Aviation by section 1(9), chapter 727, Oregon Laws 2013, Oregon Department of Aviation, Cottage Grove State Airport runway rehabilitation, by \$265,000 to expend matching state funds on the project.

- **45. Department of Aviation**

Increased the Other Funds Capital Construction expenditure limitation established for the Department of Aviation by section 2, chapter 5, Oregon Laws 2011, by \$204,454 for the Aurora Air Traffic Control Tower project.

Legislation from the previous session includes:

- SB 178 relating to civil penalties for enforcing aviation-related statutes;
- SB 602 banning seaplane operations on Waldo Lake; and
- HB 2710 relating to drones. The required report can be found on the agency's web site at http://www.oregon.gov/aviation/docs/UAS_Legislative_Report.pdf.

Co-Chairs' Budget Framework Discussion

No specific budget details or issues were identified in the Co-Chairs' budget framework for this agency.