

HB 2075

Providing Oregon with a strong General Aviation infrastructure and economic benefit to all of Oregon.

What is General Aviation in Oregon?

3.02 Billion dollars to the OR economy in 2014

4450 Registered Aircraft

2453 Registered Pilots

Business

Recreation

Emergency Services

Agriculture

Fire Fighting

Flight Training

Disaster Relief

Summary

- Oregon's jet fuel tax is the lowest in the western US at 1 cent per gallon – it amounts to a tax subsidy for jet fuel users.
- General Aviation today is increasingly business aviation and contributed **3.02 billion dollars** to the OR economy in 2014.
- Oregon's GA infrastructure is failing.
- A 2 cent increase in aviation fuel taxes will maximize highly leveraged federal dollars for Oregon and provide infrastructure improvements at airports needed for economic development.
- Our aviation infrastructure is a highway in the sky, airports are onramps to our rural municipalities.

Oregon Fuel Tax History

- Oregon was the first state to implement a statewide fuel tax in 1919 at one ½ cent per gallon.
- Aviation fuel tax has only increased once since 1952.
- Increase by ½ cent per gallon in 1999 – restricted to pavement maintenance only.
- Tax is similar to automotive gasoline tax; assessed for the good of a statewide transportation system.
- General aviation piston-powered aircraft pay 9x the jet fuel rate per gallon.

Business Aviation in Oregon Today

- Business Aviation is replacing Recreational Aviation.
- Tax base, weather, and power rates make rural Oregon desirable for corporations.
- Rapid connection to PDX can make the deal.
- Lower cost and operating expense of smaller, more fuel efficient turbo prop and turbo jets mean a broader customer base, not 'Fortune 500' companies.
- These heavier aircraft – 13% of registered aircraft in OR -- cause more 'wear and tear' on runways.
- FedEx 208s – not registered in OR -- ferry cargo from PDX to rural Oregon airports are an example. Their *only* contribution to infrastructure upkeep is through fuel taxes.

Available Revenue for HB 2075

Function	Percent	2015-2017 \$8.8 Million	2017-2019 \$13 Million	How used?
Commercial Air Service	25%	\$1.3 million	\$1.9 million	Marketing, infrastructure requirements
Assist with FAA Grant Match and economic development grants for infrastructure improvements.	50%	\$2.6 million	\$3.8 million	Provide 5% FAA match, and \$100,000 economic development grants
Maintain and develop state owned airports and non federally funded public use airports.	25%	\$1.3 million	\$1.9 million	Make state airports sustainable for municipal acquisition

State Fuel Taxes Compared

State	Jet fuel \$/gallon	Av Gas \$/gal	Commercial Exemption	Aviation fuel sales tax?	Net \$/gal tax on commercial carriers @ \$5.00/gal
Oregon	\$.01	\$.09	Yes, International Flights	None	\$.01
California	\$.02	\$.18	All Commercial Carriers	7.25%	\$.36
Washington	\$.11	\$.11	All Commercial Carriers	6.5%	\$.32
Idaho	\$.06	\$.07	None	None	\$.06

Why Should the Commercial Airlines Pay?

THEY BENEFIT

- This state transportation system benefits all of Oregon and needs to be supported by all citizens, corporate and private.
- Commercial air service to the PDX hub will directly benefit the commercial carriers.
- Navigation equipment and emergency runways cost municipalities, not the commercial airlines. NextGen navigation, intended to increase fuel economy for commercial carriers, requires \$100,000 minimum equipment at all federally funded airports.
- Oregon subsidized commercial international cargo and passenger flights by \$1,178,338 since 2005. **Three new international passenger services added in 2015 will increase this subsidy substantially.**
- The cost increase to a PDX passenger from this increase is less than \$.50, less than \$.25 at Eugene.
- Boeing predicts a need for 533,000 new pilots worldwide in the next 20 years. Pilots affordably acquire the FAA required 1500 hours of flight time as a flight instructor at a small airport. Those hours at a college or private school are prohibitively expensive.

Airline Profits Dramatically Increased

Airline Net Income

in Millions of US Dollars

Source: Bloomberg Report

	2011	2012	2013	2014	% increase from 2011
JetBlue	86.0	128.0	168.0	401.0	466%
United Airlines	837.0	-723.0	571.0	1132.0	135%
Southwest Airlines	178.0	421.0	571.0	1136.0	638%
Alaska Airlines	245.0	316.0	508.0	605.0	246%

This is the future of General Aviation Rural airports in Oregon without additional Revenue to the System of Airports.



Crescent Lake State Airport