

Aviation

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Governor's Budget
Other Funds	6,079,744	12,426,644	11,822,955	12,744,603
Federal Funds	4,938,736	8,988,918	1,266,499	9,307,101
Total Funds	11,018,480	21,415,562	13,089,454	22,051,704
Positions	13	15	15	15
FTE	12.25	13.75	14.25	14.25

*Includes Emergency Board and administrative actions through December 2016

Program Description

The Department of Aviation 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. 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.

CSL Summary and Issues

Aviation's current service level budget represents a 39% decrease compared to the 2015-17 legislatively adopted budget (LAB), which mostly reflects the phase out of one-time projects completed during the current biennium. The budget includes standard inflation adjustments, as well as increases for Attorney General and state government service charges. The agency 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 pilot and aircraft registration fees, hangar and site leases, and other charges for services. The agency receives Federal Funds from the Federal Aviation Administration for aviation system planning and construction projects.

Policy Issues

In 2015, legislation was enacted to increase revenues for support of the agency's operations. HB 2075 raised jet and aviation fuel taxes by 2 cents per gallon. Jet fuel increased from \$.01 to \$.03 per gallon. Aviation fuel increased from \$0.09 to \$0.11 per gallon. The bill specified that the agency may retain 5% of the new revenue to manage the funds and programs. Of the remaining amount:

- 50% is to be used to provide grants for aviation projects and match for FAA grants, prioritizing projects with a higher amount of contribution, and grants for emergency assistance.
- 25% is to create and maintain commercial air service linking rural communities with commercial hubs.
- 25% is for state airports to use for safety and infrastructure projects.

SB 269 increased pilot registration, aircraft registration, and airport registration fees to provide adequate statutorily-required funding to Oregon Emergency Management, and to increase the amount available for the required match to Federal Funds available for airport capital projects. The local match requirements doubled with the Federal Aviation Administration Modernization and Reform Act of 2012, from 5% to 10% of project costs on federally-funded projects.

Other Significant Issues and Background

1. Aviation proposes to abolish Pilot Registration. According to the agency, the state pilot registration process is duplicative of the national pilot licensure process, and the revenues are minimal and difficult to collect. ORS 837.035 dedicates pilot registration fees to Search and Rescue program activities, 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. Beginning in 2017-19, the agency proposes to use aircraft registration fees to support the Search and Rescue program.
2. The agency’s policy option packages total just under \$9 million. Of this amount, \$3.1 million is for General Aviation Entitlement projects designed to address safety, operational, and development needs at Oregon airports; \$5.3 million is for capital construction projects at four of the state’s airports (see table below); and, \$500,000 is for Phase II of the Aviation Plan update. Entitlement and capital construction project costs are supported by 90% federal funds and 10% percent other funds.

Aviation’s Proposed 2017-19 Capital Construction Projects		
<u>State Airport</u>	<u>Project Description</u>	<u>Project cost</u>
Bandon	Repair electrical, gate, and obstruction removal	\$1,925,000
Chiloquin	Rehabilitate taxiway and install fencing	1,100,000
Lebanon	Rehabilitate taxiway and apron	1,100,000
McDermitt	Rehabilitate runway, taxiways, apron and safety area, replace lighting and install beacon	1,200,000
Total		\$5,325,000