

Date of Hearing: 06-26-2023

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

SB 258 (Roth) – As Amended March 15, 2023

**SENATE VOTE:** 29-8

**SUBJECT:** General aviation airports: funding needs assessment

**SUMMARY:** Requires the California Transportation Commission (CTC) to prepare a funding needs assessment for the state’s general aviation airports and submit the assessment to the Legislature on or before January 1, 2026. **Specifically, this bill:**

- 1) Requires the CTC to prepare a funding needs assessment for the state’s general aviation airports and submit the assessment to the Legislature on or before January 1, 2026.
- 2) Requires the funding needs assessment to be informed by the California Aviation System Plan (CASP) and the most recent version of the capital improvement plan (CIP) and include, but not be limited to:
  - a) A forecast of the expected revenues, including federal, state, and local, to pay for the costs identified in the assessment;
  - b) A description of funding needs related to safety, maintenance, improvement to address future air traffic, public safety operations, wildfire protection and prevention activities, the impacts of climate change, maintenance, improvements to address future air traffic, mitigation of community impacts from airport activities, and the deployment of new fuel and aircraft technology; and,
  - c) Recommendations to address any shortfall in revenue identified.
- 3) Directs the CTC to consult with relevant stakeholders to develop the assessment, including Caltrans, the Federal Aviation Administration (FAA), the airport industry, users of general aviation airports, and appropriate local and regional governments.

**EXISTING LAW:**

- 1) Creates the CTC, with various powers and duties relative to the programming of transportation capital projects and allocation of funds to those projects pursuant to various transportation funding programs. (Government Code (GOV) 14520-14534).
- 2) Requires the Division of Aeronautics (Division) in the Department of Transportation (Caltrans) to prepare a CASP that includes elements relating to: (Public Utilities Code 21701 – 21707)
  - a) Air transportation issues including aviation safety, airport noise and ground access, transportation systems management, airport financing, airport land use compatibility planning, and institutional relationships;
  - b) The aviation elements of regional transportation plans and a regional plan alternative containing an evaluation of the impacts of regional activity in relation to the statewide air

- transportation system. This includes funding proposals by general aviation and air carrier public use airports for consideration by the CTC;
- c) A state plan alternative including an evaluation of the statewide air transportation matters relating to growth and an evaluation of the system to designate an adequate number of general aviation and air carrier public use airports for state funding;
  - d) A comparison of the regional plan alternative with the state plan alternative including consideration of airport noise, air quality, toxic waste cleanup, energy, economics, and passengers served; and,
  - e) A 10-year CIP for each airport that has been approved by the applicable transportation planning agency.
- 3) Requires the Division to revise the CIP of the CASP biennially and to revise all other elements every five years.
  - 4) Requires the Division to submit the CASP and all revisions to the CTC for hearing and adoption.
  - 5) Requires that every project submitted for funding from the Aeronautics Account in the State Transportation Fund to be consistent with the CASP.

**FISCAL EFFECT:** According to the Senate Appropriations Committee:

- CTC estimates the following costs for the needs assessment: one-time consultant contracting costs in the low hundreds of thousands, and state operations costs of approximately \$280,000 annually for three years for 1.0 PY (limited term Supervising Transportation Planner) to convene stakeholders, oversee the contract, and develop the assessment. (State Highway Account and Public Transportation Account)
- This bill could result in significant General Fund and special fund cost pressures to provide additional state funding for general aviation airports, to the extent that the assessment required by this bill identifies significant deficiencies in state resources. Staff notes that additional state augmentations would likely result in increased federal funding for general aviation airport projects.

**COMMENTS:**

General aviation (GA) airports do not have scheduled service or have scheduled service with less than 2,500 passenger boardings each year. They are essential for statewide emergency preparedness and response, such as transporting critically injured patients, aerial firefighting, law enforcement, and disaster relief. GA airports provide access to remote communities and contribute to commercial applications such as agricultural spraying, aerial surveying, and private travel. There are thousands of general aviation airports across the country and according to the 2020 CASP there are 241 in California. California's general aviation airports are estimated to support \$33 billion in economic output and more than 148,000 jobs.

*Federal government provides funding to GA airports.* The FFA administers the federal Airport Improvement Program (AIP) which provides grants to public agencies for the planning and development of public-use airports. Grants are distributed to airports as entitlement grants and discretionary grants. Entitlement grants are apportioned to airports by formula and GA airports

receive an entitlement of \$150,000 annually. The FAA awards discretionary grants on a competitive basis for individual projects based on capacity enhancement and their importance to the national air transportation system. These federal grants require a 10% local match from GA airports. To maximize the number of federal grants the state caps its funding match at 5% for each grant. However, because funding for the state's AIP has fluctuated over a 10-year period Caltrans was only able to fund 70% of the total amount of eligible AIP requests.

Caltrans' Division of Aeronautics administers the Aeronautics Program which consists of: (1) an Annual Credits Program, which provides \$10,000 grants or "credits" to each of the state's GA airports for discretionary use, (2) AIP Matching Grants, which assist airports in meeting the local match for FFA grants; and (3) Acquisition and Development Grants, which fund capital improvement projects, including repair or replacement, and expenditures for compatible land use planning in the area surrounding an airport.

*Lack of state compliance with federal law.* Federal law requires all tax revenue generated by aviation to be spent on aviation capital or operational expenses and restricts spending on non-aviation expenses. The state's GA fuel excise tax is collected at the rate of 2¢ per gallon for non-commercial jet fuel and 18¢ per gallon for aviation gasoline. Based on the most recent data available from 2007, \$365 million in GA taxes were collected. Of this amount, only about 2% was deposited into the Aeronautics Account for aviation purposes. Of the remaining funding, 38% was deposited into the State's General Fund, and 60% was allocated to local governments that support programs such as transit, public safety, schools, and special districts.

The state not depositing the full amount of tax revenue from GA airports to the Aeronautics Account has resulted in the state not having enough funding to fully match and receive federal funding that GA airports are eligible for. These funds could be used to address community impacts from airport activities, and support electric vertical takeoff and landing vehicles.

*Recent budget actions exacerbate funding situation for GA airports.* In its 2022 Annual Report to the Legislature, the CTC flagged two issues in the funding program supporting California's GA airports. During the COVID-19 pandemic, \$22 million was borrowed from the Local Airport Loan Account to supplement the state's General Fund and this loan remains unpaid. Additionally, for the last 10 years, California's general aviation airports have lost, on average \$4 million per year in federal funding because they were unable to secure state matching funds, as discussed above. Finally, funding was not available for the CTC to allocate for Acquisition and Development Grants, for which there are currently 10 unfunded general aviation projects programmed in Del Norte, Humboldt, and Kern counties and expansion and safety projects in Mono County, totaling \$2.2 million.

*CASP.* The Division of Aviation develops the CASP every five years to describe the capabilities of the state's aviation system, assess its needs, and contribute to the state's transportation goals. The 2020 CASP contains several components, including an inventory of the state's aviation assets, an evaluation and recommendations for the Division's policy goals, and 10-year the capital improvement plan which is a 10-year list of all capital and planning projects submitted to Caltrans. One element in the 2020 CASP was a General Aviation System Needs Assessment (GASNA) which was last updated in 2013. This GASNA identified upgrades needed by individual airports to meet minimum standards for their classification and their costs. It did not focus on forecasting for growth or considering new technologies.

This bill would require the CTC to conduct a funding needs assessment for the state's general aviation creating an overview of current and potential funding sources for GA airports and report its findings to the Legislature. Moving forward, the committee encourages the authors to work with Caltrans to ensure the deadline for this report is feasible for the department.

According to the author, "In California, general aviation airports are a critical transportation resource, not only for business and personal travel, but also to support response to disasters and emergencies such as wildfires, among other uses. SB 258 will allow California to prepare a comprehensive inventory of specific projects to help guide state investments, enable access to federal funds that would otherwise be forfeited, and help provide solutions for how to address unmet needs."

### **Previous legislation**

SB 1121 (Gonzalez), Chapter 508, Statutes of 2022. Required the CTC to prepare a financial needs assessment for the state and local ground transportation system for the next 10 years by January 1, 2025 and every five years thereafter.

AB 1406 (Karnette of 2005). Would have required the OHS to report to the Legislature and the governor on port security funding needs, recommendations for securing federal and private funds, and allocation criteria for these funds. AB 1406 was vetoed by Governor Schwarzenegger, who believed the reporting requirement was duplicative with existing reporting from the OHS and would not directly improve port security.

AB 2237 (Karnette), Chapter 503, Statutes of 2006. Required Homeland Security to include an additional report in its annual report to the Legislature on expenditures of homeland security and bioterrorism funds. The report included elements pertaining to the policies, projects, and funding necessary to protect the state's harbor facilities, port facilities, and the commercial marine transportation sector from terrorist attack.

### **REGISTERED SUPPORT / OPPOSITION:**

#### **Support**

Aircraft Owners and Pilots Association  
Association of California Airports  
California Airports Council  
California Pilots Association  
California Transportation Commission  
Helicopter Association International  
National Air Transportation Association  
National Business Aviation Association  
Riverside Municipal Airport  
Tom Wathen Center at Flabob Airport

#### **Opposition**

None on file

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