



LPRO: Legislative Policy and Research Office

# AVIATION

## BACKGROUND BRIEF

### OREGON AIRPORTS

Oregon's airport network consists of 97 public-use airports, ranging in size from Portland International Airport with over 13 million annual passengers, to small unattended airports like the McDermitt State Airport. By means of this network, the aviation industry serves multiple essential activities including agriculture, fire suppression, business transportation, recreation, tourism, emergency medical transportation, search and rescue, high-value cargo movement, mail service and military exercises.

Local jurisdictions (cities, counties or port districts) own Oregon's six commercial service airports, as well as most of the state's general aviation airports. Commercial service airports are located in Portland, Eugene, Medford, Redmond, Pendleton and North Bend. The state owns and maintains 28 general aviation airports, 12 of which receive federal grant funds for improvements. For Oregon, as a large land-area state, maintaining these airports is vital to the aviation network, providing regular and emergency landing and fueling areas for those flying within or through the state. In addition to the commercial service airports, there are over 370 private-use

airports serving a variety of functions throughout Oregon.

### OREGON DEPARTMENT OF AVIATION

The Oregon Department of Aviation (ODA)

can trace its roots back to 1921, predating even the creation of a federal aviation agency. The ODA became part of the Oregon Department of Transportation in the 1970s, but became a separate agency again through action by the 1999 Legislative Assembly. It is a small agency, with 14 employees and a biennial budget of about \$10 million including federal funds. The ODA is overseen by the seven-member Board of Aviation appointed by the Governor and confirmed by the Senate. While the Federal Aviation Administration (FAA) is the major regulator of air space, aircraft safety and pilot

licensing, the state plays a key role in these activities as well, especially for smaller airports, and as an operator of 28 airports. The ODA registers pilots and aircraft based in the state, licenses public-use airports, conducts airport inspections, performs airspace studies of proposed tall structures, provides technical assistance to local airport managers on

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planning, zoning and airport design, and provides public information about aviation.

### FUNDING AND PROJECTS

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Local airport operations are funded through the combination of landing fees, ticket fees, freight fees, parking fees, fuel taxes, vendor contracts and rents.

The ODA is an entirely “Other Funds” agency and derives no revenue from lottery or General Fund dollars. All revenues come from state user fees and federal funds. State aircraft fees, aircraft fuel taxes and airport fees support the state-owned airport system and fund improvements at other airports in the state. State pilot registration fees support air search and rescue efforts coordinated by the Oregon Office of Emergency Management.

Federal funds for airports derive from ticket fees, fuel taxes, international carrier departure fees and freight fees. State funds, such as those awarded in the *ConnectOregon* program, are essential to receipt of federal funds because FAA grants require a 10 percent local match.

### STATEWIDE PAVEMENT MAINTENANCE PROGRAM

State aviation fuel taxes raise about \$1 million a year for pavement maintenance at all public-use airports across the state. The local airport owners provide a five to 50 percent match to state funds raised by the fuel tax. Since inception of the program, 66 airports have participated in the matching program. A 2012 study, funded by the FAA, found that the Pavement Maintenance Program (PMP) extended the life of the average runway by up to 24 years. Considering that the FAA regards pavement life as 20 years, the investment in the PMP represents a potential cost avoidance of an entire runway repair cycle saving airport

sponsors an average of \$2 million per renovation avoided.

Other recent statewide projects include:

- Extensive outreach to the airport community around the state to provide assistance and expertise to their airport administrators, as many rural airports do not have a dedicated airport manager with knowledge of FAA regulations.
- A partnership with FAA and federally funded public-use airports to improve airport infrastructure. The Statewide Capital Improvements Program (SCIP), provides assistance to Oregon airports in matching FAA grant funding; since 2009, over \$300 million has been invested in Oregon’s public-use airports with FAA grants.
- Updating the statewide Aviation System Plan, including a revision to Chapter 8 on the economic importance of aviation in the state.
- Modal selection of the *ConnectOregon* Airports Grant Program, which has provided over \$100 million to leverage an additional \$260 million in FAA Airport Improvement Program grants.

### AVIATION-RELATED BUSINESSES

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An economic impact analysis was recently completed to assess jobs and businesses directly and indirectly influenced by Oregon’s commercial and general aviation airports. The study showed that Oregon’s airports and the businesses around them provide a \$22 billion impact and over 76,000 jobs to the Oregon economy. ODA continues to work with local jurisdictions to convey the economic value of Oregon’s airports.

Oregon is home to the leading producer of general aviation homebuilt aircraft kits, Van’s



Aircraft (located near Aurora), and the world's largest manufacturer of avionics, Garmin (located in Salem). The three largest heavy lift helicopter companies in the U.S., (Columbia, Helicopter Transport Service and Erickson) are also homebased in Oregon.

### AIR FREIGHT

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Freight is handled at all of Oregon's commercial service airports and at a few general aviation airports. Portland International Airport handles over 500,000 tons of freight annually. The next busiest freight airports, Eugene and Medford, handle about 4,000 tons annually. Air freight volumes and tonnages are small compared to rail, highway and marine modes, but measured in terms of value, air freight is significant and growing, especially in international trade.

### CONTINUING ISSUES

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**Airport and surrounding land-use compatibility:** A major concern for airports is the continued pressure to develop open space near airports into incompatible land uses for proximity to airports. Such uses include the proliferation of telecommunications structures or tall buildings, residential development that can bring in noise-sensitive neighbors as well as storm water detention areas or other uses that can attract waterfowl that pose a potential hazard to aircraft.

**Securing air service at smaller airports:** The economies of smaller communities can be greatly benefited by regular air service to allow the movement of passengers and goods by air. However, in recent years, airlines have consolidated operations and reduced service to smaller communities nationwide, including some (Newport, Astoria and Salem) in Oregon.

### RECENT LEGISLATIVE ACTION

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House Bill 2710 (2013) restricted the use of "drones," unmanned aerial systems (UAS) by private citizens and law enforcement. It also required the ODA to report to the legislature in 2014 on the status of federal regulation of UAS, and recommendations on registration of private UAS and to begin registering public-use UAS in 2016.

Senate Bill 178 (2013) provided the ODA with civil penalty authority for enforcement of aviation-related statutes. Senate Bill 602 (2013) banned seaplanes from operations on Waldo Lake.

House Bill 2075 (2015) increased taxes on jet fuel and aviation gasoline (AVGAS) by two cents per gallon, which will provide the ODA an estimated \$5-6 million per biennium to provide grants to small airports (50 percent) and support commercial air service (25 percent) to rural parts of the state. Another 25 percent is earmarked for infrastructure improvements to the ODA's 28 airports.

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