

2013 SENATE POLITICAL SUBDIVISIONS

SB 2278

2013 SENATE STANDING COMMITTEE MINUTES

Senate Political Subdivisions Committee Red River Room, State Capitol

SB 2278
January 31, 2013
18096

Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

Relating to assistance for airports

Minutes:

You may make reference to "attached testimony."

Chairman Andrist opened the hearing for SB 2278. All senators were present.

Senator Lonnie Laffen Sponsor for SB 2278. Public infrastructure in our state is taxed. Our state is growing fast. We hope to make some significant improvements and investments in our airports. There are some bills going through the session that will likely, if there passed, increase funding appropriated to airports in our system here in North Dakota. North Dakota currently has 89 public airports of which eight are termed commercial airports or receive commercial traffic. The purpose of this bill is to clarify that funds appropriated to the Aeronautics Commission can be used at all of North Dakota's public airports. Current Century Code is confusing us whether the Aeronautics Commissions has authority to provide grants to all of the public airports. There is some language in there that is out of date and antiquated and the bill seeks to get clarity on that issue.

Larry Taborsky Director of the Aeronautics Commission; the Aeronautics Commission is in favor of this bill. See written testimony #1.

Chairman Andrist asked Larry Taborsky about Crosby who has an airport and we've gotten grants. What airports might slip through the cracks without this language? I'm not expressing any mistrust, I just want a little better understanding of why this is important, what kind of airport you might not be able to help without this language?

Larry Taborsky replied the language itself would make the distinction between only the eight airline airports and all of the airports in North Dakota. We're quite proud of the system we have as a total, not just the airline ones, but places like Crosby which has a lot of business traffic coming and going. Our priority system addresses all of the airline airports and frankly most of the time they are the highest priority (Example shared 4:29- 4:42).

Senator Anderson asked Larry that previous language in this bill looked like airports needed to be served by an airline certified by the Federal Aviation Administration, to get grant funds from you, is that what you're saying?

Larry Taborsky replied yes sir. **Senator Anderson** then replied and even though you didn't pay any attention to that previously, you want it changed so what you're doing is okay now? **Larry Taborsky** replied that this is almost moot. We get such a small amount of our funding from the general fund that we would always spend it on the airline airports first anyway.

Senator Judy Lee asked what impact would this have on the other airports who currently have access to this fund? It seems to me that if we're going to delude it and not for a bad reason, by having it accessible for all of the airports rather than limiting to those with current or prior service; we are sprinkling a lot of money in a lot of places and it's not raining anywhere.

Larry Taborsky replied I understand what you're saying. I guess I was proud to hear that the Airport Association trusted the Aeronautics Commission for the priorities we always have. It really does become a state system and the airline airports I think they can speak that their comfortable with the process and they get what they need.

Senator Jim Dotzenrod asked this may not be directly on the proposal that you're making in the bill, but on line 12, it says "the governing body or airport authority". I guess I was sort of under the assumption that virtually all the airports were run by airport authorities. Do you have in North Dakota some that are run by the City Council or not by an airport authority? Are there a pretty good share of those or is it not really where you don't see very much of that?

Larry Taborsky replied that is true. There are some that are like that. The cities choose to run them and Bismarck will be one of those and we could talk about that. It does happen.

Shane Goettle representing the Airport Association of North Dakota. I would like to clarify for the record the change that we're looking at making in this. If you look at the struck language as Senator Anderson had already noted. (Refers to the bill) Well it's possible that the clause qualifies only the words after the conjunction and that this program is already open to all airports. But it is also possible the clause qualifies the whole thing, and therefore only the eight commercial airports in the state can access this fund. Now that has not mattered too much in the past, because the general fund, into the Aeronautics Commission have not been that great an issue. You heard Mr. Taborsky talk about the situation. They have simply used special funds to reach what then our generally aviation airports and used the small pot of general fund money to meet the priorities the commercial airports come forward with. However, one thing that this committee needs to know is that the Airport Association of North Dakota is asking for and seeking to receive a big increase in the amount of general funds that would come into this to meet some of the needs that are being laid out in the Appropriation Committee and if they succeeded then the clarification of this language would be absolutely essential, so that all could participate in that request. That is what the Airport Association is seeking. If they're not successful, then this language has been clarified and we really don't expect that there would be any change because of the trust that there is involved here with regard to the priorities that the Aeronautics Commission deals with on a daily basis. That is the impetus for this. So again if we get the funds it's necessary, if we don't get the funds, we changed something which is confusing in

state law, but in practice probably won't change anything at all. For the record we support the amendment that the Aeronautics Commission came in with just to clarify the designation of that one particular fund.

Tim Thorsen, President of Airport Association of North Dakota, support of SB 2278. See written testimony # 2.

Jerry Fisher with the Energy Infrastructure and Impact Office. There is a work in progress in another bill that relates to some of the funding that would be used for this purpose, flowing through the Oil and Gas Impact Grant Fund. We've had meetings with the Aeronautics Commission and have worked with them and feel there has been an agreement made on the process that would be used for those grant funds to work with them in conjunction with being able to accomplish distributing these funds. We wanted to pass that on to the committee for their knowledge.

Chairman Andrist closed the Hearing on SB 2278.

Senator Anderson move Do Pass to Adopt amendent SB 2278
Senator Ron Sorvaag- 2nd
Role Call Vote: 6 Yea, 0 No, 0 Absent

Senator Anderson move do pass as amended on 2278
Senator Ron Sorvaag- 2nd
Role call vote: 6 Yea, 0 No, 0 Absent
Carrier: Senator Sorvaag

13.0750.01001
Title.02000

Adopted by the Political Subdivisions
Committee

January 31, 2013


1/31/13

PROPOSED AMENDMENTS TO SENATE BILL NO. 2278

Page 1, line 11, replace "deposited to the commission's" with "from the state"

Page 1, line 12, remove "for this purpose"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2278: Political Subdivisions Committee (Sen. Andrist, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2278 was placed on the Sixth order on the calendar.

Page 1, line 11, replace "deposited to the commission's" with "from the state"

Page 1, line 12, remove "for this purpose"

Renumber accordingly

2013 HOUSE FINANCE AND TAXATION

SB 2278

2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2278
March 13, 2013
Job #19847

Conference Committee

Committee Clerk Signature

May Brucher

Explanation or reason for introduction of bill/resolution:

A Bill relating to state assistance for airports.

Minutes:

Attached testimony #1, 2

Chairman Belter: Opened hearing on SB 2278.

Senator Laffen: Introduced bill. The infrastructure for public airports is growing fast. We would be making significant investments in these airports through increased funding appropriated and other bills going through our system this session. North Dakota currently has 89 public airports of which 8 receive commercial traffic. The purpose of this bill is to clarify that the funds appropriated to the aeronautics commission can be used at all of North Dakota public airports. Current century code language uses airport definitions that no longer make sense and could lead to some confusion.

Chairman Belter: Further testimony?

Shane Goettle, Airport Association of North Dakota: There are 89 general aviation airports as well as 8 commercial airports in the state. If you look at the struck out language in this bill you'll see that there is some confusion as to the authority of the aeronautics commission when it comes to using state general funds for grants to airports. It's not clear if it applies to the airport owned and operated by public entity. This clears it up and says that if there are general funds that come to the state aeronautics commission that every airport in the state, both general aviation and commercial would be eligible for grants for that fund. This clears that up. There is \$550,000 in state general funds that have been part of the aeronautics commission budget going all the way back to the 1980s. There are a couple bills that provide state assistance to airports well over and above that; one is SB2013 that provides up to \$60 million for oil impacted airports and currently in another bill for the aeronautics commission budget that includes another \$6 million for impacts to airports in its current version. That is money coming from other sources in the general fund to the extent this helps to clarify those general funds.

Chairman Belter: Who makes the Airport Association up?

Shane Goettle: I am going to introduce Tim Thorson who is the president and he can address the issues with regard to that membership.

Chairman Belter: Further testimony in support?

Tim Thorsen, President of the Airport Association of North Dakota: We are an association of airports in the state and 83 of the 89 airports are our members including all 8 of the commercial service airports. See attached testimony #1.

Representative Kelsh: Is the Fargo Jet Center considered an airport?

Tim Thorsen: Fargo Jet Center is a fixed base operator as a tenant on Fargo's airport.

Chairman Belter: Further testimony in support?

Larry Taborsky, Director of the North Dakota Aeronautics Commission: Each airport is an important role in the state system because there is emergency, business, commerce, and tourism are all happening at these airports not just the ones served by the airlines. The aeronautics commission uses a priority system to help determine the best use of state funds for these airports. This proposed would allow us more flexibility on how to spend that money. I am handing out a copy of the letter from the Aircraft Owners and Pilots Association for your review. See attached testimony #2.

Chairman Belter: The bottom line here is what we're doing on line 11 is opening the door to state appropriations other than what is normally given to airports under the federal aviation administration. There are bills in the legislature that is going to appropriate a lot of general fund money which we haven't done before.

Larry Taborsky: To my knowledge the general fund is not going to increase with the bills that are out there but it does clarify what this \$550,000 in our budget can be used for. The highest priority would be projects.

Chairman Belter: In the past have we spent general fund money on airports?

Larry Taborsky: In the past we've spent the general fund on the 8 airline airports then well beyond that with special funds. We are looking for that balance between the 89 airports and the commercial service airports. We aren't quite sure what that part of the clause means the general fund was always spent first general airline airports.

Representative Froseth: The \$60 some million that Shane Goettle referred to that is in the budget for airport improvements, is that fund separate and set aside for specific purposes?

Larry Taborsky: When we were making the appeal to the governor for increased budget we were stressing the cases of the air field oil impacted airports. That number came about from problems we were having because of the oil industry at those airports and those increased projects were because of that increased traffic. The governor was adamant that the oil fund money would go for oil problems in the oil patch and that is separate.

Representative Froseth: It is specifically earmarked for those 17 oil producing counties?

Larry Taborsky: Yes sir.

Chairman Belter: Further testimony in support? Testimony in opposition? Any neutral testimony? Could the young bean counter come up? Do you have some figures on what we've done in the past with general fund money on airports?

Kyle Wanner, Planner for the State Aeronautics Commission: Since 1987 the aeronautics commission has received \$550,000 a biennium from the general fund. According to that language it was meant to be spent just on commercial service airports. It's really not that much money in the scope of things. Currently a runway at a smaller airport is \$1 to 1.5 million. That \$550,000 hasn't increased since 1987. This language doesn't have any dollar amount attached to it, it's just clarifying that the \$550,000 or if there are any additional funds that are put in the aeronautics commission budget could be utilized at all the public airports throughout the state.

Representative Trottier: Do the municipal airports get their money through fuel tax?

Kyle Wanner: The aeronautics commission also has a special fund which is revenues received from fuel taxes, excise taxes on aircraft, registration, and a few other sources. Those funds amount to around \$3 or 4 million a year plus the \$550,000 is our budget. We utilize a lot of our special funds for airport grants as well.

Representative Trottier: Do the municipal airports have to apply for grants?

Kyle Wanner: That's correct. We are currently in a grant session now to allocate dollars to all public airports so any public airport is encouraged to show their needs and apply for infrastructure grant funding.

Representative Schmidt: The \$60 million is to go to airports in those 17 oil counties, correct?

Kyle Wanner: That is correct.

Representative Schmidt: How many airports are in those 17 oil counties?

Kyle Wanner: Seventeen airports.

Representative Schmidt: Seventeen airports and \$60 million?

Kyle Wanner: That's correct.

Chairman Belter: How much is going to commercial airports?

Kyle Wanner: A large majority of those funds would be planned for the Minot and Williston airports. Minot is in need of \$90 million of improvements because of what has been

happening. Williston is looking at a relocation of their airport which is in the upwards of \$150 million. Dickinson will be receiving commercial jet traffic which they never had before as Delta and United will be coming in June and their airport wasn't designed for jet aircraft. Then we have these smaller airports in between in Killdeer, Watford City, Tioga, Stanley, and others which are receiving larger traffic that they aren't designed for.

Representative Froseth: How does that work when the airports have both commercial and private airports?

Kyle Wanner: The current site where the terminal is and where the airline comes in and services the community is the airport. If there is another airport outside of that it is considered a private airstrip that we don't have an association with. In Minot, it is the Minot International Airport.

Chairman Belter: Any other testimony on 2278? If not, we will close the hearing on SB 2278.

2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2278
March 13, 2013
Job #19870

Conference Committee

Committee Clerk Signature

Mary Bruckner

Minutes:

No attachments.

Chairman Belter: What are the committee's wishes?

Representative Drovdal: Made a motion for a Do Pass.

Representative Dockter: Seconded.

ROLL CALL VOTE: 11 YES 0 NO 3 ABSENT

Representative Klein will carry this bill.

Date: 3-13-13
 Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2278**

House Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Drovdal Seconded By Rep. Dockter

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley Belter	✓		Rep. Scot Kelsh	✓	
Vice Chairman Craig Headland	✓		Rep. Steve Zaiser	AB	
Rep. Matthew Klein	✓		Rep. Jessica Haak	AB	
Rep. David Drovdal	✓		Rep. Marie Strinden	✓	
Rep. Glen Froseth	✓				
Rep. Mark Owens	AB				
Rep. Patrick Hatlestad	✓				
Rep. Wayne Trottier	✓				
Rep. Jason Dockter	✓				
Rep. Jim Schmidt	✓				

Total (Yes) 11 No 0

Absent 3

Floor Assignment Rep. Klein

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2278, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)
recommends **DO PASS** (11 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING).
Engrossed SB 2278 was placed on the Fourteenth order on the calendar.

2013 TESTIMONY

SB 2278

Larry Taborsky, Director, North Dakota Aeronautics Commission

Testimony for SB 2278

The Aeronautics Commission is in favor of this bill.

The proposed bill will allow more flexibility on airport funding. Airport grants that are funded through the state's general fund could then go to the highest priority projects in the state's public airport system.

To be technically correct, I propose an amendment which would better reflect the funding process. The Aeronautics Commission does not have a general fund, but rather draws funds from the general fund up to the limits of our appropriation. For this reason, I recommend the changes in my attached proposed amendment.

PROPOSED AMENDMENT TO SENATE BIL NO. 2278

Page 1, line 11, remove "deposited to the commission's" and insert immediately thereafter "from the state general fund"

Page 1, line 12, remove "general fund for this purpose"



421 Aviation Way
Frederick, Maryland 21701

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January 29, 2013

The Honorable John Andrist
Chairman, Political Subdivisions Committee
North Dakota Senate
P.O. Box E
Crosby, ND 58730-0660

Dear Chairman Andrist:

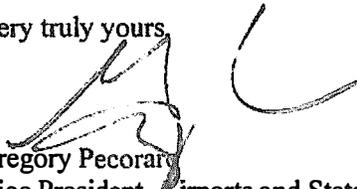
The Aircraft Owners and Pilots Association (AOPA), a not-for-profit membership organization, represents the general aviation interests of nearly 400,000 members nationwide – including over 2,800 in North Dakota. Since 1939, AOPA has been committed to ensuring the safety, future viability, and development of general aviation airports and their facilities as a part of our national transportation system. We write to express our support for Senate Bill 2278.

Senate Bill 2278 would significantly expand the number of airports eligible for State-sponsored infrastructure improvement. Currently, only airports that are serviced by a commercial airline or have been serviced by an airline in the past are eligible for State-sponsored assistance under North Dakota Century Code 2-05-06.5. Senate Bill 2278 would remove the current or past air service requirement from the Code – allowing the North Dakota Aeronautics Commission to provide State grants to many additional airports for maintenance and upgrades to critical aviation infrastructure.

As you know, the increased oil exploration in Western North Dakota has brought significant additional aviation activity to airports across the State. While many of North Dakota's 89 public use airports are not served by a traditional airline, a large number support general aviation aircraft including those that transport workers to oil exploration sites, support small businesses, provide aerial firefighting, law enforcement, medical transportation flights, support agricultural applicators, and many other types of operations as part of North Dakota's more than \$1.5 billion aviation industry. Senate Bill 2278 would allow airports to be upgraded to ensure the highest levels of safety and efficiency are maintained at North Dakota's general aviation airports.

Thank you for your consideration of this important issue. Should you have any questions or concerns, please do not hesitate to contact me or our Great Lakes Regional Manager, Bryan Budds, at 301-695-2095.

Very truly yours,


Gregory Pecoraro
Vice President, Airports and State Advocacy

cc: Political Subdivisions Committee
Mr. Larry Taborsky, North Dakota Aeronautics Commission



Airport Association of North Dakota

Timothy J. Thorsen- President Matthew Leitner- Vice President
Matthew Remynse - Sec. / Treasurer
1611 Pocatello Drive, Bismarck, North Dakota 58504
(701) 390-4258 Fax (701) 221-6886

January 31, 2013

Re: Testimony to Senate Political Subdivisions Committee on SB 2278

Chairman Andrist and members of the committee:

Thank you for the opportunity to present testimony on SB 2278. I am Tim Thorsen, President of Airport Association of North Dakota (AAND). AAND is an organization of North Dakota's airports. We exist to promote aviation in North Dakota. AAND has among its members 83 of 89 North Dakota airports, including all eight commercial service airports.

I have checked with our member representatives and all eight managers of North Dakota's commercial airports. AAND is in favor of SB 2278 with the proposed amendment suggested by the North Dakota Aeronautics Commission.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy J. Thorsen", written over a horizontal line.

Timothy J. Thorsen, President



Airport Association of North Dakota

Timothy J. Thorsen- President Matthew Remyse - Vice President
Lori Jury - Sec. / Treasurer
3561 Sheyenne Circle, Valley City, North Dakota 58072
(701) 845-1558

March 13, 2013

Re: Testimony to House Finance and Taxation Committee on SB 2278

Chairman Belter and committee members:

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I have checked with our member representatives and all eight managers of North Dakota's commercial airports. AAND is in favor of SB 2278 as passed unanimously by the Senate.

Sincerely,

A handwritten signature in blue ink, appearing to read "Timothy J. Thorsen", with a long horizontal flourish extending to the right.

Timothy J. Thorsen
President



421 Aviation Way
Frederick, Maryland 21701

T. 301-695-2000
F. 301-695-2375

www.aopa.org

2#

March 8, 2013

The Honorable Wesley R. Belter
Chairman, Finance and Taxation Committee
North Dakota House of Representatives
4426 58th Street South
Fargo, ND 58104-6091

Dear Chairman Belter:

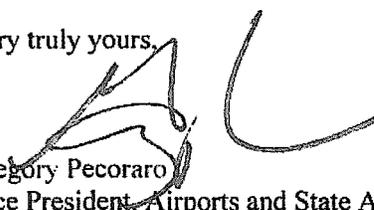
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Thank you for your consideration of this important issue. Should you have any questions or concerns, please do not hesitate to contact me or our Great Lakes Regional Manager, Bryan Budds, at 301-695-2095.

Very truly yours,


Gregory Pecoraro
Vice President, Airports and State Advocacy

cc: Finance and Taxation Committee
Mr. Larry Taborsky, North Dakota Aeronautics Commission