



The **Michigan Association of Airport Executives** (MAAE) is a professional organization for airport executives throughout Michigan. The primary goal for MAAE is to assist airport executives in fulfilling their responsibilities to the airports and communities they serve. MAAE membership includes executives from large and medium size airports, as well as managers from smaller airports.

ISSUE BRIEFING: Legislative Proposal on Transportation Funding

The MAAE Board of Directors believes that it is in the best interest of MAAE and its members to support HB 4025, sponsored by Rep. Dave Agema, which provides funding levels to help sustain and support future growth of the Michigan system of airports.

FUNDING SOLUTIONS:

MAAE supports HB 4025 in its proposed amended form because it provides a solution for the long term financial needs of Michigan's air transport system. House Bill 4025 would amend the General Sales Tax Act, to dedicate a portion of the taxes to the State Aeronautics Fund.

The bills provide that in each fiscal year, 25% of the collections of the taxes imposed at the rate of 4% directly or indirectly on fuels sold to propel aircraft, the sale of aircraft, aircraft rentals, the sale of aircraft parts and accessories, and all sales at airport concessions, including motor vehicle rentals located at airports, would have to be deposited each year into the State Aeronautics Fund.

MAAE believes HB 4025, when fully implemented, will provide much needed annual revenue for the State Aeronautics Fund (SAF) in order to restore its operating budget including discretionary programs currently suspended. Those programs include the Airport Awareness Marketing Grants, Small Community Air Service Grants and the Automated Weather Observation System. It would also restore the state/local funding programs currently suspended including: pavement paint marking, windsocks, turf runway marking and Aircraft Rescue and Firefighting (ARFF) training.

HISTORY & BACKGROUND:

The current funding structure is supported from a variety of sources with the majority of revenue coming from the 1929 aviation fuel tax of \$.03 per gallon. Due to the fact that the tax structure has remained unchanged for eighty years, with the exception of a 50% rebate to commercial airlines, it no longer supports the administrative and capital responsibilities of MDOT's Office of Aeronautics (AERONAUTICS).

The 1929 Aviation fuel tax was implemented as a method to generate revenue for the promotion and development of aviation in the State of Michigan. The SAF was created in 1945 by PA 327, which facilitates the operation of the AERONAUTICS. As such, the SAF funds all of the vital aviation functions of AERONAUTICS as well as other critical programs previously mentioned in this briefing.

Without approval of HB 4025, the following problematic issues are likely to occur soon:

- Loss of federal funds due to the inability to provide the required State matching funds.
- Loss of State/Local programs.
- Possible loss of some airports.
- Potential layoffs of MDOT Office of Aeronautics employees
- Significant deterioration of aviation infrastructure across the State

MAAE encourages you to support HB 4025 which invests in the Michigan Airport System. The future cannot be a mere extension of the past and doing nothing is simply no longer an option.