



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 5773 which provides appropriate funding levels to sustain and support future growth of the Michigan system of airports.

FUNDING SOLUTIONS:

MAAE supports HB 5773 in its proposed amended form because it provides a solution for the long term financial needs of Michigan's air transport system. Due to the legislative challenges associated with reforming the tax structure which is included in HB 5773 as introduced, MAAE supports the amended form of HB 5773 which is a 2-1-1 fuel tax plan. This plan increases the aviation fuel tax from 3 cents to 5 cents the first year and by 1 cent per year the next two years. It also leaves the commercial airline fuel tax rebate of 1.5 cents per gallon. MAAE believes the amended HB 5773 when fully implemented will generate sufficient revenue annually for the State Aeronautics Fund (SAF) in order to completely restore its operating budget including the discretionary programs currently suspended. Programs currently suspended 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. Lastly, it would provide funding to meet 100% of anticipated FAA AIP matching fund requirements.

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 3 cents 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 Bureau of Aeronautics and Freight Services (BAFS).

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 aeronautical divisions of BAFS. As such, the SAF funds all of the vital aviation functions of BAFS as well as other critical programs previously mentioned in this briefing.

Without approval of HB 5773, the following problematic issues are likely to occur soon:

- Loss of federal funds due to the inability to provide the required matching funds.
- Loss of State/Local programs.
- Possible loss of some airports.
- Potential layoffs of Aeronautics employees
- Deterioration of existing facilities.

In closing, MAAE encourages you to support HB 5773 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.