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Joint Legislative Public Hearings on the Executive Budget Proposal 2017-2018 State Budget—Transportation

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Thank you Chairwoman Young, Chairman Farrell and members of the Legislature. I am John DeIBalso, President of the New York Aviation Management Association (NYAMA). NYAMA appreciates this opportunity to testify on the 2017-2018 Executive Budget as it relates to the support of airports and the aviation industry in New York.

NYAMA represents over 13,000 members and affiliate members, 120 commercial service and general aviation airports, fixed based operators, consultants, engineers and other aviation industries and professionals who believe that serious economic development efforts at the state and regional level necessitates strong public investment in our aviation assets and facilities.

I would like to take this moment to thank you and all the members of the legislature for enacting significant initiatives as part of the 2016-2017 State Budget to bolster state investments in airports. The additional Aviation Capital Grant Program funding and the Upstate Airport Economic Development and Revitalization Competition represent a significant increase in the state's commitment to addressing the critical maintenance and modernization needs of many of our smaller and medium-size airports throughout the state.

Airports are economic engines fueling growth in the communities they serve. According to data from the New York State Department of Transportation and updated figures from the Port Authority of NY-NJ, the aviation industry contributes over \$68 billion in annual economic activity in New York State and more than 490,000 State residents work in aviation or aviation-related industries. The economic benefits of New York State airports are impressive. As a whole, aviation generates \$24 billion in payroll and \$6 billion in state and local tax revenue annually.

A strong and steady commitment to state infrastructure investment in airports is helping to power this aviation-lead economic engine for the benefit of New York's citizens even in the face of stiff competition from other states.

The State Aviation Capital Grant Program

The Executive Budget funds the state's Aviation Capital Grant Program at \$12.5M annually for the next three years.

While this funding level will provide valuable financial assistance for vital infrastructure projects at airports across New York (e.g. funding airport security improvements, repair of existing facilities, safety enhancements, etc.) it is important to note that over 130 public-use airports across the state compete for a portion of this funding.

Based on the analysis of FAA-approved documents such as Airport Capital Improvement Plans, Airport Master Plans and Airport Layout Plans, the NYS Department of Transportation (NYSDOT) has estimated that the state will need \$4.3 billion to support its aviation goals for the 20-year period between 2010 and 2030—an average of \$215 million per year. This investment is necessary to properly maintain the system and allow airports to attract passenger, cargo, and general aviation services, therefore supporting the governor's economic development goals.

Consequently, NYAMA estimates that the appropriate level of funding for the State Aviation Capital Grant program to be \$40 million annually. In 2015 the NYSDOT received a total of \$34.4 million in funding requests by 84 airports for critical projects. Out of these 84 applications, only 20 were awarded a total of \$10 million under the State Aviation Capital Grant Program. This demonstrates the sizable gap between what is required for airport development projects and what is ultimately available through the state budget. As a result of the small number of projects funded under the program, we know the number of funding applications submitted is artificially low. Many airports cannot devote scarce resources to design and engineer projects and go through the expense of the application process if there is little chance that they will be awarded due to the lack of significant program funding.

The Airport Improvement Program Funding Transfer

It is important to note that the funding level that you appropriate each year for the State Aviation Capital Grant Program is discounted due to the underfunding of the state matching program (AIP) for federal airport capital improvement dollars.

The Federal Aviation Administration's Airport Capital Improvement Program typically funded 95 percent of all eligible projects. A change in the program a few years ago now provides only 90 percent federal funding to most airports that are awarded grants. What this means is that the amount required for the state match for the grant has doubled but the budget appropriation for AIP remains the same at \$4 million.

The federal funding that is received by New York airports varies but it is typically between \$80-\$100 million annually. Based on experience and recent program data, it is known that the \$4 million budget allocation by the state to cover its share of federally-funded airport projects will be insufficient again this year. This creates an uncertainty that all available federal funding will be utilized by New York going forward. For the past several fiscal years, an additional \$1M-\$3M has been necessary to meet the state share match. Regrettably, this AIP funding shortfall has been made up by reducing the capital funds available through the State Aviation Capital Grant Program.

Unless AIP is fully funded, the funding gap will continue into the next fiscal year and beyond, siphoning millions of scarce dollars from an under-sized state airport capital funding program.

NYAMA urges the Legislature to fully fund the airport improvement program match at a minimum of \$6 million in the 2017-2018 Budget. This will ensure that the full amount of

funding appropriated to the State Aviation Capital Grant Program can be used for the important purposes of that program and not be transferred to make up the shortfall in the AIP state-federal match program.

Public Investment Needed For All New York Airports

Aside from critical aviation tax reform (New York Aviation Jobs Act) enacted in 2015, perhaps the most promising transformative aviation initiative in the last few years is the \$200M Upstate Airport Economic Development and Revitalization Competition that was part of the SFY 2016-17 Budget. Announced awards under the competition so far include Greater Rochester International, Plattsburgh International, Elmira Corning Regional and Syracuse Hancock International airports totaling \$154 million. These grants will be used for such projects as terminal expansion and modernization, cargo receiving and distribution center, new retail and concession options, general aviation customs facilities and much more, attracting tens of millions of dollars in private investment and improve the overall passenger experience at these airports. In addition, grants will fund projects that enhance safety, improve operations and access, reduce environmental impacts and provide significant employment opportunities in these regions.

New York has a significant interest in the continued vitality of general aviation and community airports. Business aviation is a critical tool for companies in New York to conduct business, improve operational efficiency, save money, and open up opportunities for areas not served by commercial aviation. The success of business aviation will encourage new business opportunities and continued investment by companies as well as bringing much needed jobs to all areas of the State.

In addition to this investment in Upstate airports, Governor Cuomo has begun implementation of a comprehensive plan to modernize and revitalize LaGuardia, John F. Kennedy International, Stewart International and Republic Airports – bringing them up to 21st Century standards for service, access and amenities. The plan includes a massive investment in these downstate airports.

NYAMA continues to work with you and the Governor to assure that this significant infrastructure funding reaches airports that establish the need for support, enhances aviation business development, creates new and permanent jobs and improves the state's economy as a whole.

TNC Ride-Sharing and the Implication for Airports

NYAMA and its member airports are concerned with Transportation Network Company (TNC) language as proposed in the Governor's Budget (TED Budget, Part G) that seek to allow Uber and other TNCs to operate outside of NYC.

The budget language appears to limit local governments' abilities to regulate TNCs. This could have the unintended effect of stripping away airports' authority to manage TNC activity in and around its facilities, since many public use airports are owned or controlled by local governments.

TNCs like Uber and Lyft operate at numerous airports through agreements that allow TNC operation in accordance with airport ground transportation regulations and appear to be standard industry practice. NYAMA is seeking the same regulatory model for NY airports for the safety and well being of passengers.

NYAMA is actively engaged in discussions with the Governor's office, legislators and stakeholders with the goal of protecting airports' authority to manage TNC operations on airports as they do other ground transportation.

Conclusion

NYAMA and its members across New York State support your efforts to ensure that the State pursues policies that are pro growth and pro job creation. Strong state investment in our airports is one of these winning strategies.

NYAMA also urges that our concerns about TNC operations at airports be addressed in the budget or in any finally agreed-to bill this session.

We look forward to continuing to work with you and all our state elected officials to enhance our airports and aviation assets in ways that create new jobs, increase economic development and improve airport services so that all regions of New York can compete effectively with other states for business aviation and scheduled commercial service for the benefit of all New York's citizens.

Thank you.

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