



230 Washington Avenue Extension Suite 101 Albany, NY 12203 | P 518 687-2241 | F 518 463-8656

NYS Joint Budget Hearing
2024-2025 Executive Budget -- Transportation
Mark Heefner, C.M., NYAMA President

Good afternoon Chair Krueger, Chair Weinstein, and members of the Committees. I am Mark Heefner, President of the New York Aviation Management Association (NYAMA) and Commissioner of Aviation for the Greater Binghamton Airport. I'd like to express my appreciation for this opportunity to provide comments on the 2024-2025 Executive Budget as it relates to airports and the aviation industry in New York.

New York Aviation Management Association

NYAMA represents over 13,000 members and affiliate members, comprising 464 commercial service and general aviation airports, fixed based operators, consultants, engineers and various aviation industries and professionals who believe that economic development efforts at the state and regional levels necessitate strong public investments in our aviation assets and facilities.

Economic Impact of New York Airports

New York airports and their municipal sponsors are still recovering economically in the post-pandemic world of travel. Our airports are constantly competing to regain and preserve scheduled air service, especially to Upstate New York cities and counties. But we still have a way to go to fully recover. If regional passenger traffic numbers do not show real and steady growth, airlines will continue to feel economic pressures to reduce service or move away from New York completely. Once gone, it is extremely difficult to bring these airlines and their disappearing New York routes back to our airports, especially in Upstate New York. Left unaddressed, our state and local economies will suffer.

Airports are major economic engines, and the benefits of New York State airports are indeed impressive. The aviation industry contributes over \$72.3 billion in annual economic activity in New York State and more than 500,000 NY based jobs are in aviation or aviation related industries, generating \$25.8 billion in payroll and over \$6 billion in state and local tax revenue each year. Hub services and nonstop routes usually rely on both business and leisure flyers.

Consequently, NYAMA commends Governor Kathy Hochul for recognizing the unique capital needs of airports. State supported investments this year helped New York's airports and aviation industries drive new economic development and facilities modernization, creating high-quality and sustainable jobs, as well as attracting greater private sector investment.

Upstate Airport Economic Development and Revitalization Initiative

The SFY 2022 and 2023 Transportation Capital Budgets included state funding for a combined \$250 million Upstate Airport Economic Development and Revitalization Program that is transforming and modernizing airports in Upstate New York and fostering regional economic development. As a result of your support for this program, the awards have been made and we are well into the construction phases for many of these critical projects. Since its inception in 2016, fourteen airports have received awards under the program. These investments are helping New York State reestablish itself as the place for national and international aviation businesses to locate and grow.

While these transformative, signature projects are primarily taking place at the larger commercial service airports throughout the state, smaller and medium-sized airports that provide vital access points for business and tourism opportunities for communities from Long Island to Western New York are also in need of state funding to carry out their important missions as part of a national air service system.

It is imperative, given the economic headwinds economists are predicting, and the need for state investment in airport infrastructure, that the next state budget includes a level of investment for the next round of funding for the Upstate Airport program. **NYAMA urges that this investment level be commensurate with previous levels--\$200M and \$250M for Round I and Round II, respectively.** The new round should contemplate expanding the list of eligible airports that also play an important role in state and national airport systems. It's important to note that this program leverages tens of millions of private sector investment that compounds the economic benefits to the state.

We appreciate the support for this important aviation capital funding program by the Co-Chairs of the New York Legislative Aviation Caucus, Assemblymember Donna Lupardo, and Senator Monica Martinez, and many of the other nearly 100 legislator members of the Caucus.

Upstate Airport Program Helps Fund Environmental Initiatives

Though aviation represents less than 3% of the world's carbon emissions, the aviation industry is already migrating to biofuels and every major airline is conducting demonstration flights using alternative fuels while startups are experimenting with all-electric flight. Many environmental and climate change initiatives are being undertaken by airports through their own funds and those of state and federal capital assistance programs for airports. New York airports are at the forefront of efforts to reduce GHG emissions, from installing EV charging stations at Wi-Fi and text parking lots and rooftop solar energy generation and energy efficient lighting, to converting operations that generate emissions to electric or other alternative clean fuels where possible. Enhanced state funding promotes these climate initiatives and assists airports in financing other vital environmental projects like those needed to accommodate the transitioning by airlines to sustainable aviation fuels and support the efforts by companies to develop electric aircraft.

Additional funding is needed to assist airports in pursuing projects that will promote New York's carbon reduction goals by electrifying airport operations and facilities and developing the infrastructure to support these innovations.

NYAMA is urging the Senate and Assembly one-house budgets include funding for a new Round III of funding for the Upstate Airport Economic Development and Revitalization program and an expansion of the program to extend eligibility to additional airports.

AIP and the Aviation Capital Grant Program

Other airport capital funding is provided mainly through two program categories: the Airport Improvement Program (AIP), which delivers a portion of the local share required to match federal AIP grants, funded in the Executive Budget at \$14 million; and, the Aviation Capital Grant Program that, unlike federal AIP money, can be used to finance revenue producing projects at airports such as parking lots, fuel farms, hangar construction and concession development.

Unfortunately, the Aviation Capital Grant Program is grossly underfunded at \$12.5 million per year.

NYAMA continues to advocate for a minimum state financial commitment of \$40 million per year for the Aviation Capital Grant program. The \$12.5 million appropriation falls short of the level of funding needed to support a robust state airport investment program for critical resiliency, environmental improvement, energy efficiency and transitional clean fuel projects as state policymakers endeavor to address climate change.

Based on the State Airport System Plan and other planning data, NYAMA calculates that the capital needs of airports that are eligible for state assistance require an annual commitment of \$40 million to the Aviation Capital Grant Program.

Aviation Capital Grant Program Award Cap Increase

If the funding is increased to the \$40 million level, the current award cap under the Aviation Capital Grant Program of \$2.5 million should be raised to a more realistic range of up to \$5 million. This would allow for the development of projects such as hangars that generate rents and other revenues, especially important to General Aviation (GA) airports.

NYAMA is requesting that the legislature support adding this grant cap increase initiative in the One-House Budgets as negotiations on the Capital Budget continue.

Conclusion

A well-funded aviation capital program for the Empire State's airports is essential to protect jobs and ensure economic health for the state and its residents. To be competitive with surrounding states, nationally and in the global economy, New York must continue to support public investment levels that sustain the development of world-class aviation facilities for travelers from across the country and internationally.

NYAMA looks forward to continuing to work with you and your legislative colleagues on developing strategies to maximize the economic benefits from state investments in airports and the aviation industry.

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