

Iowa Public Airports Association

Transportation Appropriations Bill Requests

1. Windsock Program.....(As Per IDOT Estimates)
2. Aviation Weather System.....(As per IDOT Estimates)
3. Runway Marking Program.....(As per IDOT Estimates)
4. Aviation Assistance
Program.....\$1,000,000
For Iowa Public Airports to purchase and
install navigational equipment and
lighting, obstruction lighting and mitigation,
and communications equipment.

Infrastructure Appropriations Bill Requests

1. Commercial Airport Vertical Infrastructure\$1,000,000
2. General Aviation Vertical Infrastructure Program...\$500,000
3. Airport Safety Infrastructure Fund.....\$400,000
For Iowa Public Airports to purchase and
install security fencing, security gates, etc.
4. Hangar Revolving Loan Fund.....\$360,000
To replace the funds taken from the fund

March 13, 2002

RE: AIRPORT VERTICAL INFRASTRUCTURE PROGRAMS

Members of the Sub-committee on Transportation, Infrastructure & Capitals:

The current debate within this Sub-committee causes me to question your priorities. Clearly, the General Assembly has a monumental task ahead, replete with difficult decisions to balance the State's budget. Nearly every community in Iowa has a similar problem as well. Yet, besides balancing the budget, you must also look to the future and set priorities that will grow our state's economy so that Iowa can get out of the current financial situation.

Just as Iowa is faced with financial troubles, so too is nearly every industry, local government and airport. We all must share a part of the burden and the solution, as we go forward. But in these times it is disturbing that this Sub-committee would, not only target Iowa airports for a disproportionate share of the burden, but actually eliminate all funding support just when it needs it the most.

I am sure you recognize that Iowa's airports are a major contributor to our national economy and the economy of our state. Events immediately following September 11th clearly demonstrated that, without a vibrant air transportation system, our nation suffers and Iowa suffers along with it. We, and many others throughout the state, also recognize that economic growth is the long-term solution to Iowa's current budget shortfall. So, this is not the time to reduce funding at Iowa's airports. You should be paving the way to economic growth by reinvesting our own user fees back into Iowa's airports. Why then is this Sub-committee seriously considering eliminating any amount of funding for Iowa's airports? It seems counterproductive.

Des Moines International Airport is the largest and busiest airport in Iowa. We generate more aviation charges that flow into the General Fund than any other airport in Iowa. Accordingly, our users contribute to the State's General Fund with the understanding that their tax dollars are returned to Iowa's airport infrastructure. As such, the continuation of the Vertical Infrastructure program for all commercial air service airports is critical.

The Des Moines International Airport has invested over \$100 million to improve our runway capacity, reduce noise for our neighbors, invest for a bright future in air cargo, and provide excellent facilities for air travelers flying into or out-of Iowa. Recently, the Vertical Infrastructure program has provided us with needed funds to upgrade our field maintenance buildings: needed to adequately maintain the new facilities and infrastructure on the airport. Without a fully funded VI program, we would be forced to postpone or cancel such projects. If you take this action, every other airport in Iowa would undoubtedly be forced to do the same. Do not make this costly mistake.

Thank you for your time, attention and for your consideration.

Sincerely,



William F. Flannery
Aviation Director
Des Moines International Airport



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RE: AIRPORT VERTICAL INFRASTRUCTURE PROGRAMS

Members of the Sub-committee:

It is widely known that the aviation industry is a key element of our national economy and the economy of our state. Without an active, healthy air transportation system, our nation suffers. So too, Iowa suffers when aviation activity turns down. Recall the economic fears and trepidation in the weeks following September 11, 2001.

Prior to September 11th the aviation industry contributed between 6-10 % to our Gross National Product. Airports alone generated over \$380 billion of annual economic activity and contributed 1.6 million jobs. Last year in Iowa, our 10 (now down to 8) commercial service airports, generated over \$700 million in the Iowa economy and contributed over 10,000 jobs for Iowans.

It was not many months ago that Aviation received widespread recognition and glowing reports as a vital economic engine. All facets of the air transportation system were viewed as a growth industry for the foreseeable future. Frankly, with that realization we should be here today talking about the challenges still facing Iowa aviation and how we can meet those challenges. Challenges like:

- Air Service to Iowa communities,
- More funding for Iowa's airport infrastructure,
- Reasonable air fares and public perception,
- Accelerated improvements to the air traffic control system,
- Airport congestion and delay at our nations' major airports,
- Streamlining the environmental review process for aviation projects.

Unfortunately, the horrific events of September 11th dramatically altered our industry, our economy and our way of life. Overnight, the aviation industry completely changed forever. Make no mistake; we are still faced with the same set of challenges we faced prior to September 11th. They won't go away and will need to be addressed soon, just not as quickly. For the immediate time, we are also faced with issues like:

- Survival of our aviation businesses and in some cases our smaller airports,

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- Keeping as many people employed as possible in aviation,
- Getting people back into airplanes,
- Making the system more secure,
- Paying the extra costs for security,
- Reducing budgets to reflect reduced revenues.

All airports, including Iowa's, are facing enormous financial challenges in the aftermath of the September 11th tragedies. Many airports have experienced a serious reduction in revenue. The bulk of airport revenues are derived from funding sources which rely on aircraft traffic-landing fees, parking revenues, concession revenues, hangar rentals, fuel flowage fees and the like. In addition, all commercial air service airports, at the direction of the Federal Aviation Administration, have been required to increase security measures immediately: measures that, in many cases, are extremely labor-intensive and expensive. As a result, airport operating costs are rising dramatically at the same time that their revenues are in a decline. At no other time in the history of aviation have Iowa's airports faced such challenges simultaneously.

All of Iowa airports, except those in Des Moines and Cedar Rapids, must also obtain some additional funding and services from their local governing entity in order to remain operable. While airport revenues are down significantly, local government funding is also being squeezed as never before. Most of these communities recognize that if the State wishes to keep it's current aviation system in place and safe now is not the time to reduce funding. These communities also recognize that economic growth is the key to Iowa's current budget shortfall and the aviation industry remains a major catalyst for economic growth. Accordingly, now is not the time to reduce funding.

Lastly, we must point out the lack of fairness and honesty in this Committee's proposal to eliminate or even reduce aviation funding in any way. The aviation industry in Iowa has historically paid into the General Fund more in taxes and user fees than it has ever received in benefits or program funding. We estimate that last year alone Iowa's aviation community paid over \$8 million in taxes, fees and other charges that went into Iowa's General Fund. For the same period, Iowa's airports received less than half, back in state sponsored programs. Some or all of these taxes and fees were established, years ago, with the express purpose that they would flow back to the industry in the form of state supported programs, infrastructure investment, for the growth and expansion of Iowa's airports. Iowa aviation's user fees were always intended to benefit our statewide airport system and help to keep it viable and safe. Now you want to redirect the general fund dollars to pay other programs yet you do not reduce aviation's user fees.

For years, an Aviation Trust Fund existed; much like the highway trust fund that all of you are very familiar with, to collect these user fees and fund programs that supported and maintained our airport system. Unfortunately, a decade ago when budget times were also tough, the Legislature eliminated the Aviation Trust Fund along with most other state trust funds in order to mask the diversion of these special use taxes to other programs. Since that time aviation user fees and taxes have gone into Iowa's General Fund and nearly all aviation support programs have been funded through an annual general fund appropriation.

The elimination of the Aviation Trust Fund was a blow for Iowa's aviation industry. Since then, the annual appropriation for Iowa's aviation support programs has been subjected to an increasingly terse legislative debate and the industry's contributions to the General Fund have been all but forgotten.

Now, with this Sub-committee's consideration to eliminate or significantly reduce funding for Iowa's aviation programs, we are forced to raise a few questions of fairness and honesty. Why should the state

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continue to collect the fees and taxes on the aviation industry and from our airport users, if they are not going to return a significant amount of the money collected back into the state's airport system?

Since most of Iowa's airports are owned and operated by local governments, eliminating or even reducing state funding to publicly owned airports is nothing more than imposing another unfunded mandate onto local government and another example of transferring the state's budgetary problems down to the local level. We know you have been hearing such objections from local governments.

In summary, I ask on behalf of all of Iowa's airports that you do not eliminate funding or even reduce funding of the state's aviation program. We will postpone our requests for funding increases so that you may use our excess user fees to help solve your budgetary problems over the next year or two. However, make no mistake, if economic growth/development is a goal to solve these problems for the long-term; then funding for Iowa's airports is a prerequisite. You should recognize Iowa Aviation as an important part of the economic health of the state. We are confident that, with continuing support, our airports will continue to grow and nurture an up-turn in Iowa's economy.

Thank you for your time and attention and for your and consideration.

Sincerely,

Original Signed

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