

AMENDED IN SENATE APRIL 6, 2015

**SENATE BILL**

**No. 747**

---

---

**Introduced by Senator McGuire**  
(Coauthor: Assembly Member Wood)

February 27, 2015

---

---

An act to ~~add Article 1.5 (commencing with Section 21615) to Chapter 4 of Part 1 of Division 9 of~~ *amend Sections 21682, 21683.1, and 21683.2 of, and to add Sections 21682.1 and 21682.2 to,* the Public Utilities Code, relating to airports, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 747, as amended, McGuire. Airports: financial assistance: ~~grant program.~~ *assistance.*

The State Aeronautics Act establishes the Aeronautics Account in the State Transportation Fund, and continuously appropriates the moneys in the account for expenditure for airport purposes by the Division of Aeronautics within the Department of Transportation and the California Transportation Commission. ~~Existing law establishes the California Aid to Airports Program under which the department provides grants to political subdivisions for the planning, acquisition, construction, improvement, maintenance, or operation of a publicly owned airport, and to cities or counties on behalf of any privately owned, public use airport, as specified.~~

~~This bill would require the Department of Transportation to adopt and administer a grant program for the purpose of funding specified infrastructure projects to maintain and improve airport facilities and infrastructure owned or operated by a commercial service airport or general aviation airport. The bill would authorize one or more eligible airports to submit a joint application, as specified. The bill would also~~

~~authorize the department to provide financial assistance for and to enter into agreements with commercial air carriers to, among other things, establish and market new or expanded service at airports with 400,000 or fewer annual enplanements and would authorize the department to use available moneys to provide financial assistance to underserved airports, as specified.~~

~~The bill would require the Division of Aeronautics to develop regulations for the department to adopt in order to implement these provisions. The bill would appropriate an unspecified sum from the Aeronautics Account in the State Transportation Fund for its purposes and would make unspecified percentage allocations to airports with annual enplanements of 1,000,000 or more, 1,000,000 or less, and to general aviation airports.~~

*The act requires the department to establish individual revolving fund subaccounts for eligible airports in the Aeronautics Account, permits the department to advance funds to the subaccount of an individual airport, and requires the department to credit from the Aeronautics Account to each public entity owning and operating an airport or airports under a valid permit issued by the department which has not been designated by the Federal Aviation Administration as a reliever airport or a commercial service airport, the sum of \$10,000 annually for each qualifying airport.*

*This bill would revise and recast these provisions to instead increase this amount to \$30,000 annually for each airport that has been designated by the Federal Aviation Administration as a reliever airport, a commercial service airport, a general aviation airport, or an airport certified under specified federal regulations. The bill would also credit annually from the Aeronautics Account additional sums for large, medium, and small nonhub airports, as defined, and for nonhub commercial airports, small hub commercial airports, medium hub commercial airports, and large hub commercial airports. The bill would provide that if a commercial airport is ineligible to receive an annual credit, the annual credit shall be divided among remaining commercial airports.*

*The bill would require the department to set aside \$10,000,000 each fiscal year for grants to be made available for nonhub airports with less than 300,000 enplanements annually to attract, establish, and expand air service through incentives, marketing, passenger studies, route analysis, and the acquisition of consultants, as specified. The bill would also require the department to provide at least \$150,000 annually*

*in specified grants for aviation education. By expanding the purposes for which money may be used from a continuously appropriated fund, the Aeronautics Account, the bill would make an appropriation.*

*Existing law establishes the California Aid to Airports Program under which the department provides grants to political subdivisions for the planning, acquisition, construction, improvement, maintenance, or operation of a publicly owned airport, and to cities or counties on behalf of any privately owned, public use airport, as specified.*

*This bill would appropriate \$36,250,000 from the General Fund to the Division of Aeronautics for purposes of funding the update, adoption, and administration of programs within the California Aid to Airports Program.*

~~Because any violation of the State Aeronautics Act is a crime and the provisions of the bill would be within the act, this bill would impose a state-mandated local program by creating a new crime.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason:~~

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: ~~yes~~-no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 21682 of the Public Utilities Code is
- 2     amended to read:
- 3     21682. (a) The department shall establish individual revolving
- 4     fund subaccounts for eligible airports in the Aeronautics Account
- 5     in the State Transportation Fund. Money payable under this section
- 6     shall be credited to individual airport subaccounts annually, and
- 7     may be accumulated for a maximum period of five years.
- 8     (b) (1) The department shall, subject to Section 21684, credit
- 9     from the Aeronautics Account to each public entity owning and
- 10    operating an airport or airports under a valid permit issued by the
- 11    department for every airport which has ~~not~~ been designated by the
- 12    Federal Aviation Administration as *a general aviation airport, as*
- 13    *defined in Section 47102(8) of Title 49 of the United States Code,*
- 14    *a reliever airport, as defined in Section 503(a)(19) of the federal*
- 15    *Airport and Airway Improvement Act of 1982, as amended, or (2)*

1 47102(23) of Title 49 of the United States Code, a commercial  
2 service airport, as defined in Section ~~503 (a) (5)~~ of the federal  
3 Airport and Airway Improvement Act of 1982, as amended, the  
4 47102(7) of Title 49 of the United States Code, or an airport with  
5 certification from the Federal Aviation Administration under Part  
6 139 of Title 14 of the Code of Federal Regulations, in the following  
7 annual amounts:

8 (A) The sum of ~~ten thirty thousand dollars (\$10,000)~~ (\$30,000)  
9 annually for each qualifying ~~airport. These general aviation airport.~~

10 (B) The sum of seventeen million two hundred fifty thousand  
11 dollars (\$17,250,000) to be divided among large, medium, and  
12 small nonhub airports, as defined in Section 47102 of Title 49 of  
13 the United States Code.

14 (C) The sum of two hundred fifty thousand dollars (\$250,000)  
15 for each nonhub commercial airport, the sum of five hundred  
16 thousand dollars (\$500,000) for each small hub commercial  
17 airport, the sum of seven hundred fifty thousand dollars (\$750,000)  
18 for each medium hub commercial airport, and the sum of one  
19 million dollars (\$1,000,000) for each large hub commercial  
20 airport, as defined in Section 47102 of Title 49 of the United States  
21 Code.

22 (2) If a commercial airport is ineligible to receive an annual  
23 credit, because it does not meet the requirements of Section 21684,  
24 the annual credit of that airport shall be divided among the  
25 remaining commercial airports, as defined in Section 47102 of  
26 Title 49 of the United States Code.

27 (3) The funds credited pursuant to paragraph (1) shall be paid  
28 to public entities upon request for expenditure on preapproved  
29 eligible projects. Eligible public entities may submit applications  
30 for the withdrawal of credited funds for expenditure on proposed  
31 projects in letter form to the department for review and approval.  
32 Projects identified shall be for airport and aviation purposes and  
33 operation and maintenance purposes. No payment made under this  
34 section is transferable, but shall be expended only upon the airport  
35 for which the payment is made, unless the department authorizes  
36 a payment to be transferred for expenditure on another ~~airport~~  
37 ~~owned or operated by the public entity~~ airport. The department  
38 may establish any accounting systems it deems necessary to  
39 provide for the ~~accumulation~~ accumulation and expenditure of funds  
40 under this subdivision.

1 (c) If, in any year, there is insufficient money in the Aeronautics  
2 Account to make the credits specified in subdivision (b), the  
3 department shall, subject to Section 21684, credit to each public  
4 entity subaccount an amount which is equal to the total amount of  
5 money in the Aeronautics Account multiplied by a percentage  
6 equivalent to the proportion which the airport or airports of the  
7 public entity for which credit is required to be made pursuant to  
8 subdivision (b) bear to the total number of airports for which credit  
9 is required to be made pursuant to subdivision (b).

10 (d) No payment shall be made under this section to any public  
11 entity for any airport on which general or commercial aviation  
12 activities are substantially restricted if the airport is licensed to  
13 conduct these activities by the department. The department shall  
14 determine whether or not general or commercial aviation activities  
15 are restricted.

16 (e) The department shall adopt rules and regulations and  
17 establish procedures to effect prompt payment to public entities  
18 for eligible airport projects from money credited pursuant to this  
19 section.

20 *SEC. 2. Section 21682.1 is added to the Public Utilities Code,*  
21 *to read:*

22 *21682.1. The department shall, subject to Section 21684, set*  
23 *aside ten million dollars (\$10,000,000) each fiscal year from the*  
24 *Aeronautics Account for grants to be made available for nonhub*  
25 *airports with less than 300,000 enplanements annually to attract,*  
26 *establish, and expand air service through incentives, marketing,*  
27 *passenger studies, route analysis, and the acquisition of*  
28 *consultants. Expenditures under this section shall be consistent*  
29 *with the Federal Register, Volume 64, Number 30, on February*  
30 *16, 1999.*

31 *SEC. 3. Section 21682.2 is added to the Public Utilities Code,*  
32 *to read:*

33 *21682.2. The department shall, subject to Section 21684,*  
34 *provide grants for aviation education which includes, but is not*  
35 *limited to, programs, projects, or initiatives that improve or enrich*  
36 *aviation within the California aviation community. Grants may*  
37 *include, but are not limited to, scholarships for flight training and*  
38 *aviation-related degrees from accredited universities. Priority for*  
39 *grants shall be given to underrepresented students, women,*  
40 *veterans, and persons of low-income as defined in Section 3413*

1 *of the Health and Safety Code. The funding for aviation education*  
2 *grants under this section shall be no less than one hundred fifty*  
3 *thousand dollars (\$150,000) annually.*

4 *SEC. 4. Section 21683.1 of the Public Utilities Code is amended*  
5 *to read:*

6 21683.1. (a) At the discretion of the commission, any balance  
7 remaining in the Aeronautics Account, after the payments made  
8 under Section 21682, may be used to provide a portion of the local  
9 match for federal Airport Improvement Program grants. Matching  
10 shall be provided only for grants at general aviation airports, *as*  
11 *defined in Section 47102(8) of Title 49 of the United States Code,*  
12 *or at airports that have been designated by the Federal Aviation*  
13 *Administration as reliever airports, as defined in Section 503(a)(19)*  
14 *of the federal Airport and Airway Improvement Act of 1982, as*  
15 *amended: 47102(23) of Title 49 of the United States Code.*

16 (b) Funds shall not be allocated by the commission until the  
17 federal grant offer is accepted by the public entity. Upon allocation  
18 by the commission, the department may pay a public entity an  
19 amount equal to 5 percent of the amount of a federal Airport  
20 Improvement Program grant. These funds are excluded from the  
21 requirements of Section 21684.

22 (c) Funds shall not be allocated by the commission until the  
23 federal grant offer is accepted by the public entity. ~~Upon allocation~~  
24 ~~by the commission, the department may, until December 31, 2006,~~  
25 ~~pay a public entity an amount equal to the 10 percent local match~~  
26 ~~required for a federal Airport Improvement Program grant for~~  
27 ~~security projects at small general aviation airports. For purposes~~  
28 ~~of this section, a “security project” means a project to install or~~  
29 ~~maintain fencing, gates, security lighting, access controls systems,~~  
30 ~~and surveillance systems. For purposes of this section a “small~~  
31 ~~general aviation airport” means an airport with fewer than 80,000~~  
32 ~~annual landings and take-offs of aircraft.~~

33 *SEC. 5. Section 21683.2 of the Public Utilities Code is amended*  
34 *to read:*

35 21683.2. Any balance remaining in the Aeronautics Account,  
36 after the payments made under ~~Section 21682 and Section~~ *Sections*  
37 *21682, 21682.1, 21682.2, 21682.5, 21683, and 21683.1,* shall be  
38 used at the discretion of the commission for airport and aviation  
39 purposes subject to the provisions of Section 21684.

1     *SEC. 6. The sum of thirty-six million two hundred fifty thousand*  
2 *dollars (\$36,250,000) is hereby transferred from the General Fund*  
3 *to the Aeronautics Account and, notwithstanding Section 21680*  
4 *of the Public Utilities Code, is appropriated to the Division of*  
5 *Aeronautics within the Department of Transportation for purposes*  
6 *of funding the update, adoption, and administration of programs*  
7 *within the California Aid to Airports Program (CAAP). Not more*  
8 *than 5 percent of these moneys may be used by the Division of*  
9 *Aeronautics for the cost of administering these programs.*

10     ~~SECTION 1. Article 1.5 (commencing with Section 21615) is~~  
11 ~~added to Chapter 4 of Part 1 of Division 9 of the Public Utilities~~  
12 ~~Code, to read:~~

13  
14     ~~Article 1.5. Local Airport Investment and Improvement Act~~

15  
16     ~~21615. (a) Notwithstanding Section 21602, the department~~  
17 ~~shall adopt and administer a grant program for purposes of~~  
18 ~~maintaining and improving facilities and infrastructure owned or~~  
19 ~~operated by a commercial service airport or general aviation airport.~~  
20 ~~The following infrastructure projects shall be eligible for funding~~  
21 ~~under this program:~~

22     ~~(1) Projects included in the Airport Capital Improvement~~  
23 ~~Program.~~

24     ~~(2) The airport master plan.~~

25     ~~(3) Deferred maintenance projects.~~

26     ~~(4) Airport and equipment maintenance projects.~~

27     ~~(5) Emergency projects necessary to maintain consistent flight~~  
28 ~~service operations.~~

29     ~~(6) Equipment necessary to perform airport infrastructure~~  
30 ~~maintenance and sustain reliable flight operations.~~

31     ~~(7) Studies on subjects related to airport landside and airside~~  
32 ~~operations and safety, including, but not limited to, wildlife and~~  
33 ~~runway hazards.~~

34     ~~(b) One or more eligible airports may apply for financial~~  
35 ~~assistance under this section by providing joint applications for~~  
36 ~~similar projects. Joint applications shall be accepted if airports are~~  
37 ~~within a similar geographic region to achieve savings by furnishing~~  
38 ~~service providers a single bidding opportunity.~~

39     ~~(c) (1) Notwithstanding Section 21683.1, project grants may~~  
40 ~~be used by eligible airports to fulfill the local match requirements~~

1 of Federal Aviation Administration grant programs or to  
2 supplement those grant programs.

3 (2) Eligible airports may submit matching grant applications to  
4 the department simultaneously when the principal grant application  
5 is submitted to the Federal Aviation Administration.

6 (3) Eligible airports receiving grants under this subdivision to  
7 fulfill local match requirements may commence project  
8 construction upon receipt by the airport of a grant assurance from  
9 the Federal Aviation Administration.

10 21616. (a) The department may, pursuant to this article,  
11 provide financial assistance for, and enter into agreements with,  
12 commercial air carriers to do both of the following:

13 (1) Establish and market new or expanded service at airports  
14 with 400,000 or fewer annual enplanements.

15 (2) Subsidize air carrier service to and from an underserved  
16 airport for a period not to exceed three years.

17 (b) The department may also use moneys made available for  
18 purposes of this article to do both of the following:

19 (1) Provide financial assistance to an underserved airport to  
20 obtain service to and from the underserved airport.

21 (2) Provide financial assistance to an underserved airport to  
22 implement measures that the airport, in consultation with the  
23 department, considers appropriate to improve air service both in  
24 terms of the cost of the service to consumers and the availability  
25 of that service, including improving air service through marketing  
26 and promotion of air service and enhanced utilization of airport  
27 facilities.

28 21617. The division shall develop regulations for the  
29 department to adopt in order to implement this article.

30 21618. Funds appropriated by the Legislature to the department  
31 for purposes of this article shall be allocated as follows:

32 (1) \_\_\_\_\_ percent to airports with annual enplanements of  
33 1,000,000 or more.

34 (2) \_\_\_\_\_ percent to airports with annual enplanements of less  
35 than 1,000,000.

36 (3) \_\_\_\_\_ percent to general aviation airports.

37 SEC. 2. Notwithstanding Section 21680 of the Public Utilities  
38 Code, the sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_) is hereby appropriated from  
39 the Aeronautics Account in the State Transportation Fund to the  
40 Department of Transportation for the purposes authorized by

1 Article 1.5 (commencing with Section 21615) of Chapter 4 of Part  
2 1 of Division 9 of the Public Utilities Code:

3 ~~SEC. 3. No reimbursement is required by this act pursuant to~~  
4 ~~Section 6 of Article XIII B of the California Constitution because~~  
5 ~~the only costs that may be incurred by a local agency or school~~  
6 ~~district will be incurred because this act creates a new crime or~~  
7 ~~infraction, eliminates a crime or infraction, or changes the penalty~~  
8 ~~for a crime or infraction, within the meaning of Section 17556 of~~  
9 ~~the Government Code, or changes the definition of a crime within~~  
10 ~~the meaning of Section 6 of Article XIII B of the California~~  
11 ~~Constitution.~~