



OHIO LEGISLATIVE SERVICE COMMISSION

Tom Middleton

Fiscal Note & Local Impact Statement

Bill: H.B. 256 of the 132nd G.A.

Status: As Introduced

Sponsor: Reps. Butler and Zeltwanger

Local Impact Statement Procedure Required: Yes

Subject: Creates the Major Air Hub Council to construct two new airports and creates two new airport authorities to operate the new airports

State & Local Fiscal Highlights

- The bill allows a new Major Air Hub Council to issue revenue bonds to pay for the construction of the two new regional airports, one located in Portage County and the other in Fayette County. The bonds would be backed by revenues received from airport terminal privileges and leased gates. Revenue bonds could also be issued to finance the proposed transportation centers and high-speed rail passenger transportation services.
- The land upon which the airports, transportation facilities, and rail systems are to be built would be exempt from real and personal property taxes if the land is used for purposes authorized in the bill. Political subdivisions in Portage and Fayette counties, where the airports are to be located, as well as those where the related transportation facilities and rail lines serving the airports are located, will incur property tax losses as a result.
- In the short term, the cities of Akron, Canton, Columbus, Cleveland, Dayton, and Youngstown could bear some administrative costs to plan for these airports, transportation centers, and rail services to be completed. In the long term, these cities could incur ongoing costs due to their membership and participation in the airport authorities.

Detailed Fiscal Analysis

Overview

The bill creates the Major Air Hub Council as a state entity to oversee the construction of two regional commercial service airports, transportation centers near major metropolitan areas of the state, and a high-speed rail system connecting the transportation centers to the regional airports. One of the new airports will be located in Fayette County and maintained and operated by the Southern Ohio Airport Authority, which the bill creates. The other airport will be in Portage County, to be maintained and operated by the Northern Ohio Airport Authority, also established in the bill. The airport authorities would function much like port authorities under current law. This

means that they could issue bonds to pay for airport facilities. It also means that property owned by the two airport authorities and used exclusively for any authorized purpose would be exempt from real property taxes.

The Major Air Hub Council would also be responsible for constructing two other types of facilities under the bill. These include (1) transportation centers in metropolitan areas, including parking facilities, and (2) only when economically feasible, a high-speed rail passenger transportation system connecting the transportation centers to the new airports. The bill requires that the airport in Fayette County be connected to transportation centers in the Columbus, Dayton, and Cincinnati metropolitan areas. Likewise, the bill requires the airport in Portage County to be connected to transportation centers in the Akron, Canton, Cleveland, and Youngstown metropolitan areas.

Major Air Hub Council costs

The bill creates the seven-member Major Air Hub Council as a state body to oversee the development and construction of the two new proposed regional airports and transportation centers. The bill requires the Council to hire an executive director to manage this process. The bill authorizes the Council to hire consultants and experts and obtain assistance from other state agencies in pursuing its mission. Consequently, it seems likely that the Council would, at a minimum, incur costs for hiring the executive director and contracting with consultants and experts in the airport construction and management fields. Presumably, those costs could either (1) be paid by other agencies assisting the Council, or (2) be borne by the Council itself. Under the latter scenario, the Council must prepare a budget and submit it to the Director of Budget and Management as part of the biennial state budget.

Funding for Major Air Hub Council projects

To pay for airport construction, the bill requires the Major Air Hub Council to issue revenue bonds to be repaid from revenues generated by fees collected for airport terminal usage and gate leases. The Council must also seek funding from state and federal sources, as well as explore other viable project financing arrangements. The transportation centers and the high-speed rail passenger transportation systems that are part of these airport facilities may be financed under agreements with any governmental agencies. Presumably, this would also include revenue bonds, as well as money generated from each of the participating entities through taxes or assessments.

Local government costs

Property taxes

The real estate upon which the airports in Portage and Fayette counties are to be built and the facilities operated by the two new airport authorities would be exempt from real and personal property taxes if used exclusively for any authorized purpose. These authorized purposes of the airport authorities are specified in new permanent law contained in the bill, including R.C. 4565.08 and others. This means that political

subdivisions within Portage and Fayette counties are likely to forego some amount of property tax revenue, depending on the scope of the airport and transportation facility campuses that would be built.

The potential revenue loss would depend not only on the size of the airports and facilities but also on the current taxes on the properties, prior to acquisition by the airport authorities. For example, a new airport about the size of John Glenn Columbus International Airport, built on land currently used predominantly for agricultural purposes, might result in an annual property tax revenue loss to local authorities of under \$100,000 at each such airport. A larger new airport, or one built on land taxed at higher rates, could give rise to yearly revenue losses substantially larger.

Participation in the airport authorities

The two airport authorities created by the bill constitute new political subdivisions of the state. The bill specifies that (1) the Southern Ohio Airport Authority is to consist of the cities of Columbus, Dayton, and Cincinnati, and (2) the Northern Ohio Airport Authority is to consist of the cities of Akron, Canton, Cleveland, and Youngstown. Those cities could bear costs to oversee and manage the airport authorities. These costs will depend on many factors relating to the financing and governance plans agreed upon to operate the airports, the transportation centers, and the high-speed passenger rail transportation system. Because it may take several years for the Major Air Hub Council to secure financing and complete the construction of these new regional airports and transportation centers, these costs could be well in the future. In the interim, the participating cities and other political subdivisions could incur planning costs.