

Testimony Before the Ohio House Finance Committee on House Bill 166

Lisa Davala Dalpiaz, Director of Marketing and Air Service Development, Akron-Canton Airport

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Chairman Oelslager, Vice Chairman Scherer, Ranking Member Cera and members of the committee, my name is Lisa Davala Dalpiaz and I serve as the Director of Marketing and Air Service Development of the Akron-Canton Airport. I appreciate the opportunity to present testimony on House Bill 166 on behalf of the Ohio Aviation Association (OAA). I serve on the Board of OAA. As the voice of airports in Ohio, OAA works to develop policies and affect legislation by educating and advocating for policy changes in the executive and legislative branches on behalf of our airport members.

Ohio's diverse and robust system of commercial service, cargo, and general aviation airports connect citizens, companies, and communities to destinations around the world while providing significant economic impacts to Ohio's economy. Yet, despite the aviation industry's significant impact and Ohio's status as the "Birthplace of Aviation," the lack of investment in aviation has hindered Ohio's workforce and economic development efforts.

The central issue for our industry is that competition for new international and domestic air service, which provides significant economic impacts to the State, has increased significantly due to investment of neighboring states in partnerships with air carriers, while Federal Aviation Administration (FAA) regulations restrict the ability of airports to fund air service development partnerships. In order to enhance Ohio's connectivity to the global economy and workforce, it requires further investment in support programs to attract new international and domestic air service.

The OAA has been proactive in our advocacy during this budget cycle to advance **three amendments** that make meaningful investments to help boost Ohio's competitiveness in an industry that fosters economic development in many sectors including agriculture, manufacturing, medical, and technology research; across all regions of the state; and generates more tax revenue for both state and local governments.

Air Service Development Grant Fund

Given the significant cost of airlines dedicating an aircraft to operate a new route (up to \$60 million annually), air carriers often look for financial incentives to reduce some of the risk in providing service, particularly in unproven markets. While Federal Aviation Administration (FAA) regulations prohibit airports from directly subsidizing air carriers to provide service, many states and communities have partnered to develop air service incentive funds to support new air services. These flights can provide over \$50 million in economic impacts for an international flight and \$30 million for a new domestic route. For example:

- Indiana is investing \$5.5 million per year for Delta Air Lines service from Indianapolis to Paris
- Pennsylvania is investing \$3 million per year for British Airways flights from Pittsburgh and London.

In fact, 19 other states either have an air service incentive program or provide incentive funding on an ad-hoc basis to support new domestic or international air service. This should be no surprise. We consistently hear from economic development experts that the quality of direct commercial air service to a region is one of the top three criteria for site selectors who are making recommendations on where significant corporate employment centers are to be located.

OAA believes Ohio could become more competitive in the area of enhancing air service with a \$15 million Air Service Development Grant Fund to support new international and domestic air service as well as increased capacity on existing routes. State incentive grants would be leveraged with matching funds from economic development organizations, chambers of commerce, and communities, who would provide risk abatement funds to air carriers.

That is why we've asked Rep. Greenspan to submit language on this topic to be included in the omnibus amendment to Sub.HB 166. We hope and encourage other House members to submit this amendment as well.

Ohio Airport Grant Program

OAA is seeking an increase from \$5.9 to \$16 million annually in the Airport Grant Program (GRF 777471) that would be used to assist Ohio airports in keeping up with ongoing maintenance needs. These funds would be used to help meet the local share required to accept FAA funding as well as for the current direct grant program from the State.

A 2014 ODOT study indicated an annual investment of approximately \$20 million would be required to maintain existing airport runways. OAA proposes that the funding source for the grant program come from the sales tax on aviation fuels and related services flowing to the general revenue fund. We seek the airport-user generated monies to be reinvested into the airport system with less restrictive uses to meet its many needs.

Additionally, the eligibility criteria for the Airport Grant Program needs to be expanded. The current grant programs are highly restricted regarding the allowed uses, which has hindered the ability of airports to increase economic development. General aviation activities take place at commercial service airports, however, under the introduced version of the budget the commercial airports would not be eligible for any state funding.

That's why we've asked Representative Perales to resubmit language for the omnibus amendment to HB 166 that would increase funding for this grant program to \$16 million a year and permit expanded eligibility. We hope you all will support this amendment as well.

Aviation Student Loan Program

Airports and airplanes are of no use without a highly trained workforce of pilots, mechanics, and other trained staff to operate them. The U.S. has a shortage of pilots currently, particularly at the regional airline levels. According to the FAA, there were about 827,000 pilots in the U.S. in 1987. Over the last

three decades, that number has decreased by 30 percent. Meanwhile, during this time period, there has been a tremendous increase in the demand for air travel. The International Air Transport Association predicts that, over the next 20 years, air travel will double. In the 1980s, roughly two-thirds of airline pilots were ex-military. Recently, that percentage has dropped to less than one-third. This means many young aspiring aviators now have to pay for their own flight training. That can be very costly, easily exceeding \$100,000.

OAA proposes to address these significant workforce shortages by developing a revolving loan fund of \$15 million administered by the Department of Higher Education to provide access to low-interest loans to support training for students entering aviation related careers at Ohio universities and community colleges.

As a result, Representative Perales has language drafted for consideration in the omnibus amendment to create this important workforce development program, but the OAA priorities would be the Ohio Airport Grant Program increase and Air Service Development Grant Fund creation.

Conclusion

Thanks again for the opportunity to present testimony to you today to share our ideas on how the aviation industry can partner with government to help make Ohio stronger. We hope you will support and include these amendments into Sub. HB 166. I am happy to answer any questions you may have.