



June 9th, 2015

Testimony of Terry Slaybaugh, Ohio Aviation Association
House Bill 64—State Operating Budget
Senate Finance Committee

Chairman Oelslager, Vice Chairman Coley, Ranking Member Skindell, and members of the Senate Finance Committee, thank you for the opportunity to testify today on House Bill 64, the State Operating Budget. My name is Terry Slaybaugh and I am the Director of Aviation for the City of Dayton. In this capacity I am in charge of both the Dayton International Airport and the Dayton Wright Brothers Airport, a general aviation airport just south of the city. I am here today on behalf of the Ohio Aviation Association to express our support for provisions in House Bill 64 that will positively benefit Ohio's aerospace and aviation industry.

As you are well aware, aerospace and aviation is a \$13 billion industry in Ohio. More than 123,000 Ohioans are employed in this sector, making it one of Ohio's largest and most stable industries. According to the Ohio Department of Transportation's *Airport Focus Study*, the sale of aviation fuel in Ohio generates nearly \$16 million per year in sales tax revenue for the state. Aviation fuel is the only fuel subject to the state sales tax; car, truck, and marine fuel sales are subject to the motor vehicle excise tax. Further, unlike other modes of transportation, revenue generated from aviation fuel sales is not exclusively dedicated to aviation infrastructure.

The Ohio Aviation Association's longstanding goal is to ultimately move aviation fuel from the state sales tax to the motor vehicle excise tax and then to dedicate revenue from aviation fuel sales to infrastructure. This would put aviation fuel under the same tax and funding structure as other modes of transportation. This change will ultimately be necessary in the next few years as recent regulations adopted by the Federal Aviation Administration (FAA) are requiring states to dedicate all revenue generated from aviation fuel sales solely to aviation infrastructure. This concept has been introduced by State Representative Rick Perales and State Senator Bill Beagle in standalone legislation (House Bill 32 and Senate Bill 52), and we look forward to working on those bills in the future.

HB 64, *as passed by the House*, includes several changes that move Ohio towards a more fair and effective system for aviation funding. Currently, HB 64 contains the following provisions—

- HB 64 Increases funding for airports in ALI 777471 to \$6 million per fiscal year; while this is still below the amount being generated by aviation fuel sales, it is a very significant investment;
- HB 64 broadens the uses of ALI 777471 to include local match support for FAA grants, the development of new technologies such as NextGen Radar and Unmanned Aerial Systems, and job creation projects involving airport infrastructure or capital;

- Finally, HB 64 requires ODOT to recommend legislation that would move aviation fuel from the state sales tax to a motor vehicle excise tax and submit that report by June 30th, 2016.

Over the last decade, state funding for airports has declined by 250% to just \$1 million per fiscal year; ODOT funds are not able to be used to meet local match requirements for FAA grants. Many other states do have state-level funds that are used to draw down federal funding for airport improvements. Cuts to local government funding have made it significantly harder for airports to meet local match requirements set by the feds; as a result, Ohio’s share of FAA funding has fallen from a high of \$108 million in FY2001 to \$48 million in FY 2013. Having new funding in place for airports to utilize will allow them to meet match requirements and complete much needed infrastructure improvements. HB 64 would provide new revenue for airports and broaden the existing Ohio Airport Grant Program to meet the needs of the aerospace and aviation industry.

Further, the inclusion of language requiring ODOT to study and recommend language regarding aviation fuel taxation will ensure that Ohio keeps moving towards a more consistent structure for aviation funding. I want to note that both the Ohio Department of Transportation and the Ohio Department of Taxation have expressed concerns that this requirement is being placed on ODOT; we would support changing this provision so that the Ohio Department of Taxation develops recommendations for moving aviation fuel from the sales tax to a motor vehicle excise tax.

In closing, I have included a chart in my testimony that shows FY14 state funding, FY 14 FAA grant awards, and the total number of public airports in Ohio and the surrounding states. Ohio is at the bottom for state funding and is second to last in FAA grant awards, despite having more airports than our border states. Ohio is the birthplace of aviation, and HB 64 will help us regain our status as a nationwide and worldwide leader in aviation and aerospace. Thank you for your time, and I would be happy to answer any questions that you may have.

<i>State</i>	<i>FY14 State Funding</i>	<i>FY14 AIP Grant Awards</i>	<i>NPIAS Airports</i>
Ohio	\$1,000,000	\$53,016,135	99
Pennsylvania	\$4,104,000	\$83,043,827	63
Indiana	\$2,400,000	\$56,713,344	65
Michigan	\$2,047,900	\$83,004,038	95
Kentucky	\$13,874,600	\$61,877,540	55
West Virginia	\$2,052,545	\$21,300,873	23