

Memorandum

To: Chairman and Commissioners

Date: March 26, 2004

From: Dan Burkhart
Chair, CTC Technical Advisory Committee on Aeronautics

File No: Ref # 4.6
Legislation
ACTION

Ref: TACA Recommendation On Legislation Affecting the Aeronautics Program

Issue:

Should the Commission request the authors of Senate Bill 1095 (Chesbro) and AB 1800 (Oropeza) to amend their respective bills regarding the transfer of \$745,000 from the Aeronautics Account to the General Fund?

Recommendation:

The Commission's Technical Advisory Committee on Aeronautics (TACA) recommends that the authors amend their respective bills to specify that the proposed \$745,000 shift from the Aeronautics Account to the General Fund be a loan that will be repaid by a date certain from the General Fund to the Aeronautics Account.

Discussion:

In FY 2002-03, the Commission showed its support for aviation projects by writing a letter to the Administration questioning the transfer of \$6 million from the Aeronautics Account to the General Fund and recommending that if it were transferred that it be a loan. During the FY 2003-04 budget process, approximately \$4.8 million was transferred from the Aeronautics Account to the General Fund. SB 1048, which was referred back to committee and is still active, would have reversed the \$4.8 million transfer and is supported by the Commission. This stance is in line with the Commission's philosophy to try to ensure that transportation funds are used for transportation purposes and when needed loaned to the General Fund.

This proposed shift of \$745,000, as part of the FY 2004-05 budget process, is part of the continuing trend to re-direct transportation funds to the General Fund to cover the shortfall. If the proposed shift occurs, then approximately \$11.5 million will be lost for California aeronautics programs since FY 2002-03. These funds are essential to California's aeronautics programs, especially grants to airports. Without these grant programs, many California airports would be seriously impacted in the areas of safety, security, and capacity. The funds from these grant programs also leverage federal Airport Improvement Program grants and provide a return of approximately \$20 in federal funds for every state dollar. The users of the aviation system provide over \$100 million in aviation and jet fuel sales tax to the General Fund every year. In addition to the sales tax revenues, the users of the aviation transportation system provide jobs, revenues, and pay taxes. The aviation and jet fuel sales tax funds are derived from users of the aviation system and should not be diverted to other uses.