

2002 Iowa Aviation Conference

Once again, the Iowa Aviation Conference was a complete success. The IPAA, in partnership with the Iowa DOT Office of Aviation put together a program that was widely hailed as the best ever! Over 200 delegates, sponsors, exhibitors and guests came together at the Hotel Gateway Center in Ames.

Opening presentations included comments on the aviation's future by NATA president James Coyne and Iowa's Homeland Security advisor, Ellen Gordon. Breakout sessions covered marketing, public relations, working with elected officials and more. Several of Iowa's State Legislators attended and shared their thoughts and suggestions for funding aviation programs in the coming legislative session.

Special guests included NASCAR driver, Ken Schrader and UNI Basketball coach Greg McDermott.

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A great time was had by all. Be sure to mark your calendar for the 2003 Iowa Aviation Conference. Again in Ames, October 15th & 16th. See you there! ✨



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AirWaves

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AirWaves is published as an informational tool for all public airports in the State of Iowa.

It is directed to all airport decision makers including airport management, state/local government leaders and airport businesses.

We welcome your comments, thoughts and suggestions on how we may serve you better.

Glenn Januska , President (SUX)
Shane Vande Voort , Vice President (PEA)
Mike Salamone, Sec./Treas. (DSM)
Karen Connell, Past President (IIB)

Annual dues are \$200 for CAS airports and Associate members, \$100 for Category II airports, and \$50 for all other airports. Please send annual dues to the above address. Anyone interested in advertising in AirWaves should contact IPAA Office: 515/727-0648.



A Letter From The President

BY GLENN JANUSKA (SIOUX CITY)

One of the things I enjoy most about my job is getting a chance to speak about the Sioux Gateway Airport to civic, business, social, and school groups. While the most popular questions have always been about air service at our airport, more frequently the questions have been about air service in general and the state of the airline industry as a whole. If I had any great insight into the industry and where it is headed, I would be independently wealthy "selling" my consulting services to airports and the airlines, a facet of the aviation industry still hemorrhaging millions of dollars per day. With U.S. Airways and United Airlines in bankruptcy, and "rumors" that United may reemerge with a Southwest Airlines type business

model, the future of the industry gets somewhat clearer, yet less clear, each day. When you add unknown future security requirements for general aviation airports, astronomical (and ever increasing) insurance costs, diminishing state revenue sources, the role of the Transportation Security Administration, unfunded security mandates, the as yet to be approved federal transportation appropriations bill, and upcoming AIP reauthorization, one can see we all have our work cut out for us.

While 2003 seems to be a year of increasing challenges, there are many very good and very talented people working hard in aviation in Iowa who will help guide their communities and thus the State in this changing environment. A dynamic and changing business climate and meeting challenges head-on is not new to any of us in aviation, nor is the idea that we are more successful working together than individually. IPAA is, and always has been your association, and working together will probably never be more important than it is today. One of the first opportunities we will have is IPAA's day on the Hill, February 11th from 10:00 a.m. to 2:00 p.m. Please plan on joining us. I look forward to working with all of you during my tenure as IPAA President. ✈



Reauthorization of the Federal Aviation Program

Federal legislation authorizing the Federal Aviation Administration and all aviation programs is set to expire on September 30, 2003. Aviation programs were last reauthorized under the Wendell J. Ford Aviation Investment and Reform Act for the 21st Century (AIR 21), which took effect in April 2000. AIR 21 was notable for increasing overall aviation funding. It also guaranteed that the amount budgeted for aviation programs must be equal to the level of receipts and interest credited to the Aviation Trust Fund.

The Iowa Department of Transportation worked with various aviation groups throughout 2002, including the Iowa Public Airport Association, to develop the Department's position on reauthorization of aviation programs. These recommendations, as well as the recommendations for reauthorizing surface transportation programs, can be found on the Iowa DOT Web site:

http://www.dot.state.ia.us/reauthorization/reauth_recommendations.htm

At the October 8, 2002, membership meeting, the IPAA passed a resolution supporting the overall funding approach in AIR 21 and recommended that the new reauthorization legislation maintain the principle of guaranteed funding and using the Aviation Trust Fund only for aviation purposes. Since the aviation transportation network is an essential asset for economic growth and enhancing the quality of life for Iowans, a strong federal commitment to both the infrastructure and

security of the aviation system is essential. It is also essential that any additional security requirements and facility modifications needed to meet new security requirements at any Iowa airport should only be done with industry input and financial backing.

IPAA also supports the following recommendations:

- Increase funding to the Airport Improvement Program and eliminate all non-airport infrastructure programs from using AIP as a funding source.
- Since airport security is a national security issue, security should be funded by sources other than the Aviation Trust Fund. Any additional security requirements for commercial service or general aviation airports should include a funding source for implementation.
- Provide adequate funding for the Essential Air Service program to maintain air service at smaller communities.
- Modify the general aviation entitlement program to redirect any unused funds to other general aviation airports within the state. Provide flexibility for the state in determining how the redirected funds should be allocated. Change the Airport Improvement Program and Passenger Facility Charge rules to allow flexibility in eligibility of funding for terminals, fuel facilities, and maintenance equipment for commercial service and general aviation airports. Because of new security requirements at primary airports,

all of the terminals are now obsolete.

- Change the formula for terminal improvements to 90/10 match. Clarify eligibility rules so that all FAA regions administer the program consistently.
- Appropriate additional funding to continue the Small Community Air Service Development Pilot program. This program provides federal assistance to help communities help themselves. Only \$20 million was granted in FY2002, compared to more than \$142 million in grant applications received. Only one Iowa airport received funding and all could benefit from the program.
- Ensure that any discussion of capacity at slot-controlled airports includes provisions to increase and protect access from small or nonhub airports. Encourage use of small and medium hub airports to discourage capacity issues at airline hub airports.
- Discourage the use of market pricing for slot control at capacity constrained airports that would use higher fees to control slots. This approach would put Iowa airports at a disadvantage.

Now is the time to contact Iowa's Congressional delegation to let them know the importance of reauthorizing AIR 21! Contact information for Iowa's delegation can be found at the following Web site: <http://www.state.ia.us/government/official.htm>

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Aviation Trust Fund and Related Aviation Revenue History

A state aviation trust fund was established in Iowa in 1946 in code section 328.36. In 1985, the state aviation fund consisted of all moneys received by the department (registration fees), together with all moneys appropriated to the fund by the state. Unless otherwise provided, the fund was to be used for airport engineering studies, construction or improvements.

1988 - Special Aviation Fuel Tax Added

In 1988, Section 324.3 of the Iowa Code was amended to include an excise tax of 8 cents per gallon on aviation gasoline, and 3 cents per gallon on special aviation fuel. This fuel tax was to be set aside in an aviation fuel tax fund by the treasurer, and after administrative costs paid, credited to the state aviation fund.

Also during 1988, Section 328.36 was amended so that all interest or earnings on investments of money in the state aviation fund would remain in the state aviation fund.

1991 - Temporary Transfer of State Aviation Fund to General Fund

In 1991, 328.36 was amended so that money from the aviation fuel tax fund and money received by the department and deposited in the state aviation fund (registrations) would be transferred to the general fund from 7/1/91 through 6/30/93.

1993 - Permanent Transfer of State Aviation Fund to General Fund

In 1993, 328.36 was amended again to remove the ending date for the transfer of aviation fuel tax fund and money received by the department to the general fund. This made permanent the deposit of aviation fuel tax money and aviation registration fees into the general fund.

1993 - Use of Designated Moneys - Money must be used for aviation purposes

Section 8.60 was created that required that certain moneys deposited into the general fund of the state after July 1, 1993, which under law were previously collected to be used for specific purposes, shall only be used for the purposes for which the moneys were collected. The state aviation fund created in section 328.36 is specifically listed in section 8.60. All funds collected from aviation fuel taxes and aircraft registration fees are required to be used for aviation.

1993 - Section 324 transferred to section 452A

Aviation Fuel Tax fund changed from section 324.82 to section 452A.82

Section 324.3, Motor vehicle and aviation fuel excise tax changed to 452A.3

1994 - Removal of the term 'State Aviation Fund' in sections 328.36 and 452A.82

Section 328.36 was changed to remove any mention of the state aviation fund, and also specify that the money would be used according to section 8.60. "All moneys received by the department pursuant to section 328.21 (registration fees) or other sections of this chapter and those moneys remaining after the cost of administering the aviation fuel tax fund as provided in section 452A.82 shall be deposited into the general fund of the state and shall be subject to the requirements of section 8.60."

Section 452A.82 was changed to eliminate the use of the 'state aviation fund' and replace it with 'general fund of the state.'

1998 - Registration Fees Reduced

Responding to border county appeals that aircraft owners were

registering aircraft in other states because of high aircraft registration fees in Iowa, section 328.21 relating to registration fees was amended in 1998. The base for registration fees was changed from one-and-one-half percent of manufacturer list price to one percent of the manufacture list price. A maximum registration fee was set at \$5,000.

The registration fee reduction has resulted in a reduction in the total registration fees collected from \$1.633 million in 1998, to \$813,000 in 1999, and \$709,000 in 2000.

1999 - Use Tax on aircraft

In 1999, Section 423.2 was amended to include aircraft subject to registration under 328.21 as subject to use tax beginning July 1, 1999 (and exempt aircraft from sales tax.) The use tax on aircraft is deposited into the general fund (Section 423.24.)

Summary

Code language exists in Section 8.60 requiring that money collected and deposited into the general fund that would have been deposited into the state aviation fund (aviation fuel taxes and registration fees) must be spent for aviation purposes.

Prior to the 1991 elimination of the state aviation fund, the aviation fund included the aviation fuel tax fund and any fees paid to the department under section 328, i.e. registration fees. With the reduction in registration fees in 1998, the total money that is now collected from aviation fuel tax and registration fees is less than what has been appropriated for aviation purposes.

Prior to FY2000, sales tax was collected on aircraft and not considered part of the state aviation fund. Beginning in FY2000, use tax is collected on aircraft and deposited into the general fund. This use tax is easily identifiable and totaled \$5.9 million in FY2000, \$2.7 million in FY 2001, and \$2.5 million in FY 2002. ✈



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Join Us!

**IPAA's Day at the Capitol
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10:00 a.m. - 2:00 p.m.

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for more information

Who is IPAA?



The Iowa Public Airports Association was founded in 1984, as an outgrowth of the Iowa Airport Executives Association.

Mission

The Iowa Public Airports Association "IPAA" is dedicated to provide information to and represent the interests of all of the publicly owned airports in the State of Iowa.

Why Invest in AVIATION?

December 17, 2003 marks the 100-year anniversary of the Wright Brothers' first powered flight at Kitty Hawk, NC. This historical event has allowed our country to become a military and commercial world leader.

The air transportation industry in Iowa generates nearly \$1 billion of economic activity every year. It sustains, directly or indirectly, almost 10,000 jobs. The jobs associated with the air transportation industry generally pay a higher annual average income than most other sectors.

A healthy air transportation system helps employers recruit and retain the best people possible. A viable air system allows the efficient flow of components and products in and out of Iowa. Without a responsive and progressive air transportation system, many employers would not consider expanding their business into Iowa.

The State has a responsibility to protect its citizens and many users of the aviation system. Iowa has more than 6100 licensed pilots providing needed aviation services using Iowa's 113 publicly owned airports. Iowa's aviation system provides access to opportunities for Iowa in healthcare, quality of life, and education. Local airports provide the needed access for health care specialist to go to rural Iowa locations and to get health care supplies or patients in or out for emergencies.

The airports provide educational opportunities for Iowa's use to learn about careers in the aviation transportation system as pilots, aviation mechanics, airframe specialist, and aviation managers.

The ability to get on a plane and travel to another part of the U.S. or country is essential to economic development. Whether it is for business or personal, air transportation (commercial and general aviation) is one of the key elements to Iowa's future.

The IPAA supports the continuation of state funding for aviation. The state aviation programs received \$2,435,000 in FY 01 and \$2,130,561 in FY 02 of General Fund money, but received no money in FY 03.

The Iowa Department of Transportation is requesting \$2,249,000 for the FY 04 budget. This funding is used for airside improvement projects that maintain the viability of the airport pavements, protect the airports' runways and approach zones from obstructions and unsafe conditions, and for communication and navigational aides that create a safe takeoff and landing environment for the pilots and passengers.

Iowa's eight commercial and 105 general aviation airports are a critical link to the state and national transportation systems. As examples of the role aviation plays, each year more than three million people use air service in Iowa and more than 132,000 tons of cargo are transported by air. More than 1.5 million flight operations are recorded at general aviation airports. Because of the benefits to the economy and quality of life that the state investment in aviation yields, the state should continue its investment in aviation.

A state investment in Iowa's aviation system is an investment in the Iowa economy. A healthy air transportation system is a key asset to Iowa's communities and the state's ability to retain and attract business and industry. An economic impact study by Iowa State University in 2000 showed that aviation contributed more than \$864 million to the state economy and supported nearly 10,000 jobs. The state of Wisconsin found that more than 70 percent of new businesses located within 10 miles of an airport capable of handling corporate jets.

From agriculture, to manufacturing,

to internet-based companies, Iowa's business community sees the value of local airports. Jeff Lacina from Garst Seed Company in Coon Rapids says, "Aviation is vital to Iowa's position as the breadbasket of the heartland. Air transportation is an essential part of us doing business, not only in the state, but across the crop-producing parts of the country." Bill Monk, from Nordstrom.com in Cedar Rapids says, "Customers expect speed of delivery. We ship millions of packages each year and our corporate jets fly in and out daily." Ron Hatfield, Briggs Medical Supply in Des Moines, definitely sees the need for a local airport, "We would pretty much be a local company without the airport. Now we are global."

A state investment in Iowa's aviation system is an investment in the safety and security of a strong transportation network for the citizens of Iowa. The state has a responsibility to protect its citizens and the many users of the aviation system. Iowa has nearly 5,900 registered pilots providing needed aviation services and using Iowa's 113 publicly owned airports. These airports also handle more than three million passengers annually. The state, through funding assistance for infrastructure improvements, can continue to ensure the safety and security of the air transportation system.

A state investment in Iowa's aviation system provides access to opportunities for Iowans in health care, quality of life, and education. Local airports provide the needed access for health care specialists to go to rural Iowa locations, and to get health care supplies or patients in or out in emergencies. The airports provide educational opportunities for Iowa's youth to learn about careers in the aviation transportation system as pilots, aviation mechanics, airframe specialists or aviation managers.

Iowa's public use airports are owned by cities, counties or airport authorities. It is essential that state government continue its partnership with the federal and local governments in maintaining and enhancing Iowa's airports to ensure the vital access to the state and national transportation systems. ✈️

AVIATION FUNDING HISTORY

The funding that the aviation community is requesting should not be considered a "handout" from the general fund's budget.

A state aviation trust fund was established in Iowa in 1946 in code section 328.26. These additional aviation taxes were to be used to fund aviation programs, since the general fund budget did not have money for aviation. By 1988, the Aviation Trust Fund received revenues from aircraft registration fees, an excise tax of 8 cents per gallon on aviation gasoline, and 3 cents per gallon on special aviation fuel. According to FY2002 figures this represents \$2,043,000 in revenue. In addition, aircraft use taxes represented nearly \$2.5 million in additional revenue. It is important to note that aircraft use taxes have not traditionally been included in aviation funding. However, aviation use tax is another revenue being routed to the general fund budget.

1993 section 328.36 was amended and these revenues were transferred to the general fund, essentially eliminating the state aviation trust fund. In 1994, section 328.36 was again amended to remove any mention of the state aviation trust fund.

Iowa code section 8.60 was created that requires revenues received into the general fund from aircraft registration fees and fuel taxes must be used for the purposes for which the moneys were collected. That has essentially been done in past years.

However, in FY2003 no appropriation was given to the aviation industry, but the taxes were still collected. ✈️



IPAA's Position

Aviation taxes and fees currently account for more than the \$4.5 million deposited annually into the General fund. Once again, fees deposited in the General fund include \$1.35 million in fuel tax, \$700,000 in aircraft registration, and approximately \$2.5 million in use tax on aircraft and aviation parts. Our proposal is to re-establish the Aviation Trust Fund and begin to phase these revenues into the fund. Initially, we propose to redirect fuel tax and aircraft registration revenues (\$2,043,000) to the re-establishment of the Aviation Trust Fund.

Then over the next two or three years, depending on the economic environment, we propose to redirect tax receipts (\$2.5 million) from aircraft sales and aviation parts into the Aviation Trust Fund. Once accomplished, the entire aviation program can be supported from aviation user taxes through the Aviation Trust Fund.

In these difficult economic times a strong aviation transportation system is the backbone needed to encourage growth in Iowa communities. The state aviation trust fund should be re-established to ensure continued State support for this important component of the global transportation system.

Since aviation taxes were placed upon the industry to fund aviation programs, these moneys should be returned to the aviation community to maintain and develop the Iowa aviation system. ✈️

IOWA PUBLIC AIRPORTS ASSOCIATION 2003 LEGISLATIVE PRIORITIES

1) RE-ESTABLISH THE AVIATION TRUST FUND

In the early 1990's the Aviation Trust Fund was eliminated by the General Assembly, with all aviation generated funds going to the state's General

Fund. The members of the Iowa Public Airports Association urge Lawmakers to Reestablish the Aviation Trust Fund during the 2003 legislative session.

2) RESTORE FUNDING FOR AVIATION PROGRAMS

Basic aviation safety and maintenance programs for the 2003 fiscal year were not funded by the State of Iowa. Programs for basic safety items such as runway markings, windsocks, and basic runway maintenance have been cut. These cuts in simple safety and airport maintenance programs have caused Iowa to be labeled "The First True Flyover State" in national aviation publications. The Iowa Public Airports Association believes that funding for these basic safety and maintenance programs must be restored for the 2004 fiscal year, and funding for 2003 fiscal year programs should be provided during the first weeks of the upcoming legislative session.

3) PROVIDE FLEXIBILITY IN THE USES OF FY 2003 RESTRICTED CAPITOL FUNDS FOR AIRPORT INFRASTRUCTURE

Iowa's public airports need the ability to utilize the limited state funds they received for the 2003 fiscal year in the manner they see most beneficial to their facility. The Iowa Public Airports Association believes that airports should be allowed to use appropriations from the commercial and General Aviation Infrastructure Funds for all purposes approved for capitol funds, not just those under the restrictive definition of vertical infrastructure.

For more information visit us at: www.iowaairports.org or by phone: 515/727-0648 ✈️

