



A MEMBERSHIP ORGANIZATION
REPRESENTING THE INTEREST OF ALL
PUBLIC USE AIRPORTS IN IOWA

IPAA State Legislative Priorities 2020

Airport Infrastructure Reinvestment for Iowa (AIR-Iowa)

According to the State Aviation System Plan (2010-2030) **Iowa's aviation system need** is \$816M or **\$43M per year**. From commercial passengers, to commercial freight, and our corporate and general aviation communities, **Iowa's system of airports needs** significant investment if Iowa is to remain competitive in today's global marketplace.

The State of Iowa's **current allocation** for airport vertical infrastructure is **\$2.9M** dollars per year leaving an **unfunded gap of \$40.1M annually**. The Iowa Public Airports Association respectfully requests an increased budget **commitment to STRENGTHEN Iowa's airport system** by making a **10-year allocation of Rebuild Iowa Infrastructure Funds (RIIF)** in the amount of **\$16.5M per year**, for a total of \$165M toward airport vertical infrastructure. The investment would be **derived entirely** from **Iowa's RIIF program, but grants awarded would require a five percent local match** by the Airport Owner.

Program Highlights

1. IPAA fully supports an **aviation system investment approach**;
2. **All 99 counties** would see an increase in **infrastructure investment** at their airports;
3. As proposed, Iowa's annual investment in **general aviation** airport vertical infrastructure would increase to **\$3.0M**;
4. As proposed, Iowa's annual investment in **commercial service** airport vertical infrastructure would increase to **\$13.5M**; and,
5. **All funds** dispersed would **require a 5 percent local match** by the Airport Owner.

Program Details

1. *Commercial Service Airports:*

A total of \$13.5M allocated to Commercial Service Airports each year or \$135M over a 10-year period. To be eligible, a facility would have to meet the federal definition of a Commercial Service Airport. Funds would be allocated as follows:

- Each of the eight Commercial Service Airports would receive \$300,000; and,
- Remaining funds would be dispersed and/or allocated based upon the percentage of passenger enplanements, similar to the current FAA entitlement funding formula for grants issued under the Airport Improvement Program (AIP)

2. *General Aviation Airports:*

A total of \$3.0M allocated to General Aviation Airports each year or \$30M over a 10-year period. The funds would be allocated according to the current project priority rating system as administered by Iowa's Department of Transportation via the Office of Aviation.

Keep Iowa Aviation Employers Competitive

Support House File 607 (formerly House Study Bill 126), Sales Tax Exemption for Aircraft Parts and Labor

Background

- Aviation in Iowa is responsible for 16,549 jobs with a payroll of \$587 million dollars.
- Five of Iowa's neighboring states (IL, MN, MO, NE, WI) have a sales tax exemption of aircraft parts and labor. Only SD does not.
- One of the criterion for evaluating facility growth and investment in aviation facilities is the presence of a State sales tax exemption on aircraft parts and labor.
- Neighboring states with the tax exemption enjoy considerably more robust aerospace economic development.
- Indian Hills Community College and Iowa Western Community College are leaders in aircraft maintenance degrees. Such an exemption would help grow local jobs and potentially keep more of our young people who are educated in Iowa, staying in Iowa.

Issue Statement

- Thirty-Four States have the sales tax exemption and two are currently considering placing Iowa employers at a competitive disadvantage.
- This bill is about helping Iowa employers offer competitive pricing to rival prices offered by out-of-state companies, an especially important consideration when planes are, by definition, very portable.
- This is NOT a tax break for aviation companies because sales taxes are passed onto the customer.
- Sales tax is shown as a separate invoice line item paid for by the customer, not the service provider.
- Current Iowa Statute limits the parts and labor exemption to "air carrier" only, thereby, excluding many of Iowa's aerospace employers.
- Non-competitive tax laws drive repair work and subsequent revenue to neighboring states.

Bottom Line

Aviation is a mobile industry and state sales tax matters when it comes to where aircraft owners choose to have their repair projects done. With Wisconsin, Illinois, Missouri, Kansas, Nebraska and Minnesota all tax free, it is easy to fly an additional 100 miles to go across the state border and not pay the added 7 percent tax.

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