



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
4

Meeting Date: **NOVEMBER 3, 2011**

Subject:

November 2011 Legislative Report

Recommendation:

Adopt Resolution No. 2011-0130, approving the November 2011 Legislative Report.

Background/Justification:

The Legislative Advocacy Program Policy adopted by the Board on November 10, 2003, requires Authority staff to present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The November 2011 Legislative Report updates Board members on legislative activities that have taken place during the month of October. The Authority Board can give direction to staff on legislative issues contained in the attached Legislative Report (Attachment A).

State Legislative Action

The Authority's legislative team is not recommending that the Board adopt any new positions on State legislation this month.

October 9th was the last day for the Governor to sign or veto legislation passed by the State Legislature during the 2011 legislative session. The Legislature is scheduled to reconvene on January 4, 2012.

Federal Legislative Action

The Authority's legislative team recommends that the Board adopt a Watch position on S. 1660 and a Watch position on H.R. 2594.

S. 1660 is legislation introduced to implement President Obama's American Jobs Act initiative. If enacted into law, this bill would alter the federal tax code and authorize new spending initiatives. It would also provide \$50 billion in transportation infrastructure investments, including \$2 billion for airport projects, and create a \$10 billion National Infrastructure Bank. In addition, this legislation would exclude private activity bonds issued in 2011 and 2012 from the Alternative Minimum Tax.

H.R. 2594 would prohibit operators of U.S. civil aircraft from participating in any emissions trading program unilaterally established by the European Union.

Congress continues its consideration of a Fiscal Year 2012 omnibus appropriations bill for several federal departments that includes funding for Department of Transportation and Federal Aviation Administration operations and programs.

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Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Equal Opportunity Program:

Not applicable.

Prepared by:

MICHAEL KULIS
DIRECTOR, INTER-GOVERNMENTAL RELATIONS

RESOLUTION NO. 2011-0130

A RESOLUTION OF THE BOARD OF THE SAN
DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, APPROVING THE NOVEMBER 2011
LEGISLATIVE REPORT

WHEREAS, the Authority operates San Diego International Airport as well as plans for necessary improvements to the regional air transportation system in San Diego County, including serving as the responsible agency for airport land use planning within the County; and

WHEREAS, the Authority has a responsibility to promote public policies consistent with the Authority's mandates and objectives; and

WHEREAS, Authority staff works locally and coordinates with legislative advocates in Sacramento and Washington, D.C. to identify and pursue legislative opportunities in defense and support of initiatives and programs of interest to the Authority; and

WHEREAS, under the Authority's Legislative Advocacy Program Policy, the Authority Board gives direction to Authority staff on pending legislation; and

WHEREAS, the Authority Board in directing staff may adopt positions on legislation that has been determined to have a potential impact on the Authority's operations and functions;

NOW, THEREFORE, BE IT RESOLVED that the Board of the San Diego County Regional Airport Authority hereby approves the November 2011 Legislative Report (Attachment A); and

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority finds that this Board action is not a "project" as defined by the California Environmental Quality Act (CEQA), Pub. Res. Code Section 21065; and is not a "development" as defined by the California Coastal Act, Pub. Res. Code Section 30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of November 2011 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY RUSSELL
DIRECTOR CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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November 2011 Legislative Report

State Legislation

Legislation/Topic

SB 468 (Kehoe) – State Highways in the Coastal Zone

Background/Summary

This bill would impose additional requirements on the Department of Transportation for proposed capacity-increasing state highway projects located in the coastal zone.

The original bill was amended to remove the requirement that mass transit must be completed prior to construction of the proposed highway project, and the stated purpose of the bill was changed from developing traffic congestion reduction goals, to ensuring that “multimodal transportation options are evaluated and included in project design.”

The bill now states that highway construction can move forward at the same time as public transit projects. It also requires that impacts on local roads be evaluated and that mitigation of those impacts be provided.

Anticipated Impact/Discussion

This bill could impact the proposal by Caltrans to widen Interstate 5, which could affect future travelers going to and from SDIA.

Status: 10/7/11 – Signed into law by the Governor

Position: Watch (4/7/11)

Legislation/Topic

SB 194 (Committee) – Local Government: Omnibus Bill

Background/Summary

This bill is an omnibus technical corrections bill clarifying that California airport owners/operators are not required to pay a fee for the recording of an aviation easement.

Anticipated Impact/Discussion

The legislation benefits the Authority by eliminating the potential collection of fees from the Authority to record avigation easements required under the Quieter Home Program.

Status: 9/30/11 – Signed into law by the Governor

Position: Support (5/5/11)

Legislation/Topic

AB 615 (Lowenthal) – High-Speed Rail

Background/Summary

Existing law generally requires the approval of the Department of General Services before a state agency may acquire, hire, dispose of, or let real property. It also requires General Services to inventory most state-owned property, and establishes the process to lease property acquired for highway use to former owners.

This bill would enact authorizations and exemptions relative to real property obtained for high-speed rail purposes by the High-Speed Rail Authority. The bill would also enact similar exceptions, authorizations and new provisions governing acquisition or disposal of right-of-way property by the High-Speed Rail Authority. In addition, this bill would exempt the High-Speed Rail Authority from obtaining approval from the Department of Finance and State Public Works Board before expanding funds from an appropriation for capital outlay purposes.

This bill would also provide that the High-Speed Rail Authority is the responsible agency for projects under its jurisdiction.

Anticipated Impact/Discussion

Although this legislation would have no direct impact on the Authority or SDIA, it could affect the potential connection of high-speed rail to the San Diego region and SDIA.

Status: 10/7/11 – Signed into law by the Governor

Position: Watch (4/7/11)

Legislation/Topic

AJR 3 (Dickinson) – Federal Taxation

Background/Summary

This resolution of the State Legislature urges the U.S. Congress to extend an alternative minimum tax (AMT) exemption for private activity bonds. The American Recovery and Reinvestment Act of 2009 exempted airport private activity bonds (PABs) issued in 2009 and 2010 from the AMT, saving airports an estimated \$1 billion. This AMT exemption expired at the end of 2010.

This exemption is expected to save the Authority approximately \$45 million over the life of the bonds issued for the Green Build.

Anticipated Impact/Discussion

This resolution was sponsored by the California Airports Council of which the San Diego Airport Authority is a member. If Congress were to extend the AMT exemption for PABs, it might benefit the Authority financially by enabling the Authority to issue future bonds at a lower interest rate.

Status: 8/22/11 – Chaptered by the Secretary of State

Position: Support (4/7/11)

Federal Legislation

Legislation/Topic

H.R. 2469 (Cohen) - End Discriminatory State Taxes for Automobile Renters Act of 2011

Background/Summary

This bill would prohibit most state and local governments from imposing taxes on the rental of motor vehicles.

Anticipated Impact/Discussion

Because the bill exempts federally assisted airports from the proposed tax prohibition if a concession fee is involved, there would be no direct impact to SDIA or the Authority.

Status: 7/8/11 – Introduced and referred to the House Committee on the Judiciary

Position: Watch (8/4/11)

Legislation/Topic

H.R. 1691 (Richardson) - Prevention of Unreasonable Fees Act

Background/Summary

This bill would prohibit the operator of a “transportation terminal” (e.g. airport) from charging fees to providers of limousine and other prearranged ground transportation, unless the fee is pre-approved by the U.S. Secretary of Transportation. Under this bill, transportation terminal operators would be limited to the collection of fees charged to the general public for access to, or use of, the terminal, and for the availability of ancillary facilities. Transportation terminal operators would still be allowed to require vehicles for hire to use, and pay for, segregated parking facilities if the fee is the same as that charged to the public. The bill would also allow the state or its political subdivisions to require a license or fee (other than a prohibited transportation terminal fee) for a motor vehicle providing certain other prearranged ground transportation.

Anticipated Impact/Discussion

According to the author’s staff, this bill was introduced to prevent excessive fees such as those collected for repeated circling and registration for limited use of airport facilities. San Francisco International Airport was specifically identified as an example by the author.

Status: 5/3/11 – Introduced and referred to the House Committee on Transportation and Infrastructure

Position: Oppose (7/7/11)

Legislation/Topic

H.R. 1801 (Cravaack) - Risk-Based Security Screening for Members of the Armed Forces Act

Background/Summary

This bill requires the Transportation Security Administration (TSA) to develop and implement a policy that expedites service members and their families through security screening at airports when they are travelling on official orders. This bill requires that the policy be introduced within six months following the enactment of the bill.

Anticipated Impact/Discussion

Although the method that TSA would use to expedite services members through security is unclear, this legislation could require modifications to passenger screening checkpoints at SDIA.

Status: 9/21/11 – Approved by the House Committee on Homeland Security by voice vote

Position: Watch (6/2/11)

Legislation/Topic

H.R. 1474/S. 785 (Duncan/Thune) - Freedom from Government Competition Act of 2011

Background/Summary

This bill requires that any government entity receiving federal funds contract out all federally-funded work – except in cases of national defense/homeland security and where there is no private source - to the private sector. This bill would require airports to contract with a private fixed base operator (FBO) to provide services at their airport.

This legislation was initiated on behalf of the National Air Transport Association in an effort to prevent airports from serving as Fixed Base Operators. It is opposed by Airports Council International-North America (ACI-NA), and the American Association of Airport Executives (AAAE).

Anticipated Impact/Discussion

Although the Authority currently uses a private company for SDIA's FBO, this bill would mandate that the airport contract with a private FBO in the future, eliminating our option to provide our own FBO services, should we choose to do so.

Status: 4/12/11- H.R. 1474 - Introduced and referred to the House Committee on Oversight Reform
4/12/11 – S. 785 - Introduced and referred to the Senate Committee on Homeland Security and Government Affairs

Position: Oppose (6/2/11)

Legislation/Topic

H.R. 1586 (King) - Expanding Airport Security Screening Opt-Out Programs

Background/Summary

This bill could expand the use of private screeners at U.S. airports that choose to hire a private company rather than rely on the Transportation Security Administration (TSA) for this function.

The bill would authorize the Secretary of Homeland Security to approve applications submitted by airports for private screening programs if such applications have not been acted on by the TSA within 120 days of receipt. The Secretary must approve the application unless it can demonstrate that doing so would hurt the effectiveness of screening or otherwise harm aviation security.

Anticipated Impact/Discussion

This legislation would result in an expedited review of a Screening Partnership Program application should the Authority decide to use this program in the future.

Status: 5/5/11 – Referred to the House Committee on Homeland Security

Position: Watch (5/5/11)

Legislation/Topic

H.R. 386 (Lungren) - Securing Cockpits Against Lasers Act of 2011

Background/Summary

This Act amends the federal criminal code to prohibit the aiming of the beam of a laser pointer at an aircraft or in its flight path, and imposes a fine and/or prison term of up to five years for such action.

The following would be exempt from the prohibition:

- Individuals conducting research and development or flight test operations for an aircraft manufacturer or the Federal Aviation Administration (FAA)
- Department of Defense (DOD) or Department of Homeland Security (DHS) personnel conducting research, development, operations, testing or training
- Individuals using a laser emergency signaling device to send a distress signal

Anticipated Impact/Discussion

Although this legislation would have no direct impact to the Authority or SDIA, it could enhance aviation safety by protecting pilots from laser interferences.

Status: 2/28/11 – Approved by the House on a voice vote and referred to the Senate Judiciary Committee

Position: Support (4/7/11)

Legislation/Topic

H.R. 674/S.89 (Herger/Vitter) - IRS Code Amendment, Vendors

Background/Summary

Beginning January 1, 2012, federal, state, and local governments with total expenditures of \$100 million or more will be required to withhold 3 percent from all payments for goods and services to guard against possible business tax evasion.

This bill would amend the Internal Revenue Code by repealing the imposition of the 3 percent withholding of goods and services payments.

Anticipated Impact/Discussion

If not repealed, this requirement could negatively affect construction companies and small businesses, increase the costs of performing public works contracts, and increase taxpayer costs.

Status: 10/18/11 – H.R. 674 - Approved by the House Committee on Ways and Means
1/25/11 – S. 89 - Introduced and referred to the Senate Committee on Finance

Position: Support (4/7/11)

Legislation/Topic

H.R. 235 (Brady) - Cut Unsustainable and Top-Heavy Spending Act of 2011

Background/Summary

This bill would eliminate several federal programs including grants to large and medium hub airports under the Airport Improvement Program (AIP). This bill would also rescind any unobligated funds made available for such grants.

Anticipated Impact/Discussion

Because SDIA relies on AIP funding for its capital improvements program, the elimination of this funding could limit the Authority from moving forward on some airport projects.

Status: 1/7/11 – Introduced and referred to thirteen House Committees

Position: Oppose (4/7/11)

Legislation/Topic

S. 223 (Rockefeller)/ H.R. 658 (Mica) - FAA Reauthorization Act

Background/Summary

House Version:

The House approved a four-year FAA Reauthorization Bill with the following provisions:

- Passenger Facility Charge (PFC) cap stays at \$4.50
- Airport Improvement Funding (AIP) cut from \$3.5 to \$3.17 billion in FY 2011 and \$3 billion annually for FY 2012-2014
 - Essential Air Service Program for most communities phased out over three years
- Creates a pilot program allowing up to 5 airports to use PFC revenue for intermodal ground access projects

Senate Version:

The Senate approved a two-year Reauthorization Bill with the following provisions:

- Passenger Facility Charge (PFC) cap stays at \$4.50, but pilot program introduced for up to 6 airports where airports may impose a PFC without regard to dollar amount limitations if the airport collects the charge directly from passengers, and if approved by the Department of Transportation
- AIP funding at \$4 billion in FY 2010, and \$4.1 billion in FY 2011 (up from current \$3.5 billion)
- Increases minimum amount for discretionary AIP from \$148 million to \$520 million

Status: 2/17/11 – Passed in the Senate by a vote of 87 to 8
4/1/11 – Passed in the House by a vote of 223 to 196

Position: House Version: Watch (3/3/11)
Senate Version: Support (3/3/11)

Legislation/Topic

H.R. 3011 (Rogers) - Transportation Security Administration Reauthorization

Background/Summary

This bill would reauthorize for two years the Transportation Security Administration (TSA) and TSA programs. If approved, this would be the first TSA reauthorization since the creation of the agency. Specifically, this bill would fund the TSA at \$7.8 billion in FY 2012 and at \$7.5 billion in FY 2013. It would also establish a “trusted traveler” program at airports to expedite passengers meeting certain security criteria through security checkpoints.

Anticipated Impact/Discussion

If passed, this legislation would help to ensure that SDIA remains adequately staffed by TSA personnel and could assist in reducing security checkpoint wait times for some passengers.

Status: 9/22/11 - Introduced and referred to the Committee on Homeland Security and the Committee on the Judiciary

Position: Support (10/6/11)

Legislation/Topic

S. 1660 (Reid) - The American Jobs Act of 2011

Background/Summary

This legislation proposes spending \$447 billion for the purpose of creating jobs. Specifically, the bill would alter the Internal Revenue Code by reducing employment and unemployment tax rates, providing new tax credits and other actions. The Senate has proposed funding the proposal with by imposing a surtax on individuals with annual incomes of \$1 million or more.

The bill includes \$50 billion for investment in transportation infrastructure. Of that amount, \$2 billion would go toward airport infrastructure projects. Airport development grants funded through this legislation would not require a local match.

This legislation would also exempt private activity bonds issued by airports in 2011 and 2012 from the alternative minimum tax. In addition, the bill would

create a \$10 billion for a National Infrastructure Bank and provide \$1 billion for the Next Generation Air Transportation system.

Anticipated Impact/Discussion

If enacted into law, this legislation could provide new funding for SDIA projects.

Status: 10/5/11 - Introduced in the Senate

Position: Watch

Legislation/Topic

H.R. 2594 (Mica) – European Union Emissions Trading Scheme Prohibition Act of 2011

Background/Summary

This legislation would direct the Department of Transportation to prohibit operators of U.S. civil aircraft from participating in any emissions trading scheme unilaterally established by the European Union. Under the European Union's carbon-emissions trading system, beginning in January 2012, U.S. airlines flying into or out of Europe will either have to reduce their carbon dioxide emissions or pay a fine. The U.S. airline industry is opposed to the program based on their belief that it violates international agreements and infringes on U.S. sovereignty.

Anticipated Impact/Discussion

This legislation is not expected to have any direct impact on SDIA or the Authority.

Status: 10/24/11 – Approved by the House by voice vote

Position: Watch