



**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT**

Item No.
4

Meeting Date: **MAY 3, 2012**

Subject:

May 2012 Legislative Report

Recommendation:

Adopt Resolution No. 2012-0046, approving the May 2012 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 May 2012 Legislative Report updates Board members on legislative activities that have taken place during the month of April. 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 recommends that the Board adopt a Watch position on AB 2540 (Gatto). This legislation would impose sales taxes on a variety of services, including private aircraft pilot or private jet services. Other airport-related services that could cost more under AB 2540 include storage facilities (e.g. aircraft hangars), limousine rentals, and non-medical massage services.

Federal Legislative Action

The Authority's legislative team recommends that the Board adopt a Support position on the Fiscal Year 2013 Transportation, Housing and Urban Development Appropriations Bill and a Watch position on H.R. 4166, legislation to reduce the use of coal tar sealants.

Authority Strategies:

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

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

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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. 2012-0046

A RESOLUTION OF THE BOARD OF THE SAN
DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
APPROVING THE MAY 2012 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 hereby approves the May 2012 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 §21065; and is not a "development" as defined by the California Coastal Act, Pub. Res. Code §30106.

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PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of May, 2012, 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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May 2012 Legislative Report

State Legislation

Legislation/Topic

AB 2540 (Gatto) – Sales and Use Taxes

Background/Summary

This bill would impose a state sales tax on several new services, including private aircraft pilot or private jet services. Other airport-related services that would be subject to the new tax include storage facilities costing \$1,000 per month or higher (e.g. aircraft hangars), limousine rentals, and non-medical massages. Revenues resulting from this new tax would be provided to the Department of Veterans Affairs to operate veterans' homes and fund county veteran service officers, and to the Department of Food and Agriculture and the Department of Fish and Game for ongoing pest eradication and invasive species eradication programs.

Anticipated Impact/Discussion

If passed, AB 2540 would increase the cost of several aviation-related activities at San Diego International Airport.

Status: 2/24/12 – Introduced and referred to the Assembly Committee on Revenue and Taxation

Position: Watch

Legislation/Topic

AB 41 (Hill) – High-Speed Rail Authority-Conflicts of Interest and Ex Parte Communications

Background/Summary

This bill would add members of the California High-Speed Rail Authority (CHSRA) as officers under the Political Reform Act of 1974. They will be required to publicly identify any financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.

Anticipated Impact/Discussion

This legislation would have no direct impact the Authority.

Status: 9/7/11- Approved by Senate by a vote of 37 to 0

Position: Support (4/12/12)

Legislation/Topic

AB 492 (Galgiani) – High-Speed Rail Authority, Small Business Advisory Committee

Background/Summary

This bill would require the California High-Speed Rail Authority (CHSRA) to consider the creation of jobs and participation by small business enterprises in California when awarding major contracts or purchasing high-speed trains. The bill would also require the CHSRA to appoint a small business enterprise advisory committee.

Anticipated Impact/Discussion

This legislation could increase local participation by small businesses in San Diego County.

Status: 6/27/2011 – Referred to the Assembly Committee on Rules

Position: Support (4/12/12)

Legislation/Topic

AB 1574 (Galgiani) – High-Speed Rail

Background/Summary

This bill would repeal all of the provisions of the California High-Speed Rail Act and enact a new one. The bill would continue the California High-Speed Rail Authority (CHSRA) in existence with limited responsibilities and would place the authority within the Business, Transportation and Housing Agency.

The five members of the CHSRA appointed by the Governor would be subject to Senate confirmation, but existing members could continue to serve the remainder of their terms. The bill would authorize the CHSRA to appoint an executive director, and would provide for the Governor to appoint up to six additional individuals exempt from civil service as CHSRA staff.

Anticipated Impact/Discussion

This bill does not have a direct impact on the Authority, but could affect the timeline for the implementation of the High-Speed rail connection in San Diego.

Status: 2/9/12 – Introduced and referred to the Assembly Committee on Transportation

Position: Watch (4/12/12)

Legislation/Topic

AB 2182 (Torres) – Airports: Firearms

Background/Summary

It is currently a misdemeanor to knowingly possess a firearm within any sterile area of an airport. This bill would require a peace officer to arrest a person for violating the provisions of law prohibiting the carrying of concealed firearms when the offense occurs within an airport sterile area without a valid permit, and would require the peace officer to confiscate the firearm.

Anticipated Impact/Discussion

The author amended the legislation-excluding language that prohibited a person from entering any airport property with a concealed weapon and also took out language that would have required a person who after being found guilty of carrying a concealed firearm from ever subsequently entering that airport's property.

These amendments satisfy Authority staff's concerns regarding enforcing this legislation.

Status: 3/8/11- Introduced and referred to the Assembly Committee on Public Safety
4/10/12 – Amended and re-referred to the Assembly Committee on Public Safety

Position: Support if Amended (4/12/12)

Legislation/Topic

AB 1704 (Huffman) – Coal Tar Prohibition

Background/Summary

This bill would prohibit a person from selling coal tar in California and would prohibit, after July 1, 2013, a person from applying a coal tar pavement product on driveways, parking areas, airport runways, and playgrounds.

Anticipated Impact/Discussion

The Authority applied coal tar on SDIA's runway in 2006. The current alternative material to coal tar would require applications at least every five years, and has more limited availability, which could increase costs to the Authority. The California Airports Council is communicating to the author its concern that if coal tar is banned then a cost effective alternative would need to be ensured.

Status: 2/23/11- Introduced and referred to the Assembly Committee on Environmental Safety and Toxic Materials

Position: Watch (4/12/12)

Legislation/Topic

AB 1455 (Harkey) – High-Speed Rail

Background/Summary

The Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008 general election, provides for the issuance of \$9.95 billion in general obligation bonds for high-speed rail.

This bill would reduce the amount of general obligation debt authorized pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the amount contracted as of January 1, 2013.

Anticipated Impact/Discussion

This bill could impact the proposed construction for the section of High-Speed rail to San Diego County.

Status: 1/10/12 – Introduced
2/9/12 – Referred to the Assembly Committee on Transportation

Position: Watch (2/9/12)

Legislation/Topic

**AB 973 (Vargas/Garrick) – California Environmental Quality Act (CEQA):
Exemption for Limited Duration Events**

Background/Summary

This bill would exempt from CEQA the approval of a park use or special events permit for a limited duration event that has a specified purpose, is located on public property, within a public right of way, or within a defined event venue.

A limited duration event is defined as a recreational tournament, sporting event, youth tournament, racing or walking event, fireworks display, holiday celebration, concert, military appreciation event, block party, wedding, job fair, festival and parade, street fair, beach and neighborhood cleanup, farmers' market, art market, and other similar event lasting 48 hours or less.

Events that include the erection or demolition of permanent structures would be excluded from the exemption.

Anticipated Impact/Discussion

This Authority participates in and sponsors various community events that may require CEQA approval if this legislation is not approved.

Status: 1/19/12 – Introduced
2/2/12 – Referred to the Senate Committee on Environmental Quality

Position: Support (3/1/12)

Legislation/Topic

State Budget

Background/Summary

The Governor proposed a Fiscal Year 2012-13 budget totaling \$137 billion in state spending. This includes \$92.6 billion from the General Fund for most state services, \$39.8 billion from special funds, and \$5 billion on bond-funded projects. The Governor's budget projects that the General Fund faces a \$9.2 billion shortfall over the next 18 months. The budget proposes a mix of spending cuts and new sales and income taxes to close this gap and create a \$1.1 billion reserve. These taxes are part of a proposed November 2012 ballot initiative. If state voters reject the tax initiative, the Governor proposes additional spending cuts, mainly affecting education, health and social programs.

Anticipated Impact/Discussion

The State Controller recently issued a report showing that tax revenue in January was \$528 million lower than the Governor assumed in the budget. The Authority's legislative team will continue to monitor the state budget to ensure there are no adverse impacts to the Authority as a result of the budget process.

Status: 1/10/12 – Introduced by the Governor

Position: Watch (3/1/12)

Federal Legislation**Legislation/Topic****H.R. 4166 (Doggett) – Coal Tar Sealants Reduction Act of 2012****Background/Summary**

This bill would prohibit the manufacturing of coal tar sealant one-year after the bill is enacted into law, the processing or sale of coal tar sealant one and one-half years after the bill is enacted into law and would prohibit the use of coal tar sealant two and one-half years after the bill is enacted into law.

Anticipated Impact/Discussion

The Authority applied coal tar on SDIA's runway in 2006 and doesn't anticipate needing to re-apply until 2014. The current alternative material to coal tar would require applications at least every five years, and has more limited availability, which could increase costs to the Authority.

Status: 3/8/12 – Introduced and referred to the House Committee on Energy and Commerce
3/9/12 – Referred to the House Subcommittee on Environment and the Economy

Position: Watch

Legislation/Topic**H.R. 2179 (Miller) – Transportation Security Administration (TSA) Transfer of Unclaimed Funds Act****Background/Summary**

This bill would direct the Assistant Secretary of Homeland Security to annually transfer unclaimed money recovered at airport security checkpoints to the local United Service Organizations (USO). These funds would be used for activities supporting the local USO airport centers. The funds are currently used by the TSA for civil aviation security.

Anticipated Impact/Discussion

This legislation would provide a direct financial benefit to SDIA's own USO facility instead of funding a large federal program.

Status: 3/7/12 – Approved by the House Subcommittee on Transportation Security and forwarded to the Committee on Homeland Security

Position: Support (4/12/12)

Legislation/Topic

S. 1813 (Boxer) – Highway Transportation Bill

Background/Summary

This two-year, \$109 billion authorization bill focuses resources on preserving and improving the condition of highways and bridges around the country by renewing highway taxes at their current levels. The bill also provides funding for intermodal connections.

Anticipated Impact/Discussion

The bill includes a provision which would exempt private activity bonds (PABs) from the alternative minimum tax (AMT) for bonds issued after the date of enactment and before January 1, 2013, which could benefit the Authority in its planned upcoming bond issuance.

Status: 3/14/12 – Approved by the Senate by a vote of 74 to 22

Position: Support (4/12/12)

Legislation/Topic

H.R. 2469 (Boxer) - 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. This bill is opposed by Airports Council International-North America (ACI-NA), and the American Association of Airport Executives (AAAE). Limousine and taxi drivers contribute to the wear and tear on airport roads, including SDIA, and can legally be charged for their usage.

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

Position: Oppose (7/7/11)

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 FBO's. 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 the Authority 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

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
- Department of Defense or Department of Homeland Security 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. 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

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 in 2001. 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 House Committee on Homeland Security and the Committee on the Judiciary

Position: Support (10/6/11)

Legislation/Topic

S. 1660 (Reid)/ H.R. 12 (Larson) - 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 through 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
9/21/11 – Introduced in House

Position: Watch (11/3/11)

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 must reduce their carbon dioxide emissions or pay a fine. The U.S. airline industry is opposed to the program based on its 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 and sent to the Senate
12/17/11 – Referred to the Senate Committee on Commerce, Science and Transportation

Position: Watch (11/3/11)

Legislation/Topic

H.R. 3116 (King) – Department of Homeland Security (DHS) Authorization Act for Fiscal Year 2012

Background/Summary

This legislation would authorize the Department of Homeland Security (DHS) and DHS programs. The bill would require an internal review by Customs and Border Protection (CBP) to ensure there is adequate staffing at each of the 10 international airports in the U.S. with the largest volume of international travelers. H.R. 3116 would also require implementation of the exit component of the U.S. Visitor and Immigrant Status Indicator Technology (US-VISIT) program at airports to ensure that visitors have stayed beyond the time they are allowed to remain in the country.

Anticipated Impact/Discussion

Approval of this bill could help ensure that SDIA continues to have an adequate level of federal security and sufficient CBP staffing for international flight passenger processing.

Status: 10/13/11 – Approved by the House Committee on Homeland Security by a vote of 20 to 12

Position: Watch (12/1/11)

Legislation/Topic

Fiscal Year 2013 Transportation Appropriations Bill

Background/Summary

This legislation provides annual funding for the Department of Transportation and Federal Aviation Administration (FAA) operations and programs. The bill would fund the Airport Improvement Program (AIP) at \$3.35 billion – the full amount authorized for this program in the recently enacted FAA Reauthorization bill.

Anticipated Impact/Discussion

Approval of this bill could help ensure that SDIA can compete for AIP funds in FY 2013.

Status: 4/19/12 – Passed by Senate Appropriations Committee

Position: Support