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THE FINAL REPORT OF THE JOINT STUDY COMMITTEE ON AIRPORT INFRASTRUCTURE AND IMPROVEMENTS

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District 47

Representative Rick Jasperse, Co-Chair
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Senator Sonya Halpern
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President

Mr. Chris Clark
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President and CEO

Ms. Hope Macaluso
Atlanta Regional Airport – Falcon Field
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Mr. Gregory D. Teague
President, Croy Engineering

Mr. Larry Wade
Partner/CEO, Golden Isles Aviation

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CEO, Swainsboro/Emanuel County
Chamber of Commerce

Prepared by the Senate Research Office
2021

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COMMITTEE FOCUS, CREATION, AND DUTIES

The Joint Study Committee on Airport Infrastructure and Improvements (“Committee”) was created by Senate Resolution 84 in recognition of the need for a comprehensive, strategic business plan to develop state-wide infrastructure for airports in order for Georgia to remain economically competitive and to remain a leader in the movement of goods and persons. The Committee was charged with determining the best course of action with regard to funding and policy relating to airports to ensure that action taken over the next several years will result in the growth and support of this critical industry.¹

Senator Frank Ginn of the 47th and Representative Rick Jasperse of the 11th served as Co-Chairs of the Committee. The other legislative members of the Committee included Senator Sonya Halpern of the 39th, Senator Tyler Harper of the 7th, Senator Clint Dixon of the 45th, Representative Mike Glanton of the 75th, Representative John LaHood of the 1st, and Representative Philip Singleton. The following citizen members were appointed to the Committee: Commissioner Russell McMurry of the Department of Transportation; Commissioner Pat Wilson of the Department of Economic Development; Mr. Robert Burr, President of the Georgia Airports Association; Mr. Chris Clark, President and CEO of the Georgia Chamber of Commerce; Ms. Hope Macaluso, Airport Manager for the Atlanta Regional Airport – Falcon Field; Mr. Gregory D. Teague, President of Croy Engineering; Mr. Larry Wade, Partner/CEO of Golden Isles Aviation; and Mr. Ken Warnock, CEO of the Swainsboro/Emanuel County Chamber of Commerce.

The Committee held four informational meetings: September 8th at the Georgia Capitol, September 28th at Saint Simons Airport, October 29th at Hartsfield-Jackson International Airport, and December 10th at the Jackson County Agricultural Facility. The Committee heard testimony from the following individuals: Ms. Shelly Armato (MySmartPlans); Mr. Robert Burr; Ms. Carol Comer (GDOT); Mr. Chris Clark; Mr. Jeff Davidman (Delta Air lines); Mr. Mitch Ellerbee (Thomaston-Upson County Airport); Mr. Mario Evans (DeKalb Peachtree Airport); Dr. Brian German (Georgia Tech); Mr. Greg Kelly (Savannah Hilton Head International Airport); Mr. Michael Landguth (Raleigh-Durham Airport Authority); Ms. Hope Macaluso; Mr. Danny Morgan (Dalton Airport Authority); Mr. Scott McQuade (Golden Isles CVB); Mr. Jay Neely (Gulfstream); Mr. Tim Obitts (NATA); Mr. Jonathan Pannell (Gray, Pannell, & Woodward, LLP); Mayor Tony Paulk (Douglas); Mr. Billy Ragan (Vidalia Regional Airport); Mr. Scott Steilen (Sea Island Company); Mayor Bayne Stone (Hazlehurst); Mr. Travis Vallin (Javiation); Mr. Gregory Voos (NBAA); Mr. Bobby Walston (NCDOT); Ms. Myrna White (Hartsfield-Jackson International Airport); Mr. Hugh Weaver (Pond and Company); and Mr. Ellis Wood (Statesboro-Bulloch County Airport). The four informational meetings were designed to discuss the Georgia airport system as it exists, the challenges for Georgia airports going forward, and investing Georgia’s airport system’s future.

The following legislative staff members were assigned to this Committee: Mr. Benjamin Lynde of the Senate Research Office; Ms. Abby Day of the House Budget and Research Office; Andrew Allison of the Senate Press Office; Ms. Betsy Theroux of House Media Service; Ms. Emily Doppel, administrative assistant for Chairman Ginn; and Lisa Fountain, administrative assistant for Chairman Jasperse.

¹ 2021 Georgia Senate Resolution 84 (adopted on May 10, 2021), <https://www.legis.ga.gov/legislation/59470>

BACKGROUND

Georgia is home to 105 publicly accessible airports. Of these, 103 are publicly-owned, and eight are commercial service airports. These airports serve the nearly 8,000 registered aircraft in Georgia, as well as the over 17 thousand registered pilots. Of the 103 publicly owned airports, all but Hartsfield-Jackson International Airport are eligible for funds under the Georgia Airport Aid Program, operated by the Georgia Department of Transportation (GDOT). Under the Georgia Airport Aid Program, the state provides 75 percent of project expenditures for development, maintenance, approach aid and planning projects that do not receive federal funds, with local governments left to meet the remaining 25 percent. GDOT designates the highest priority for matching state funds to projects eligible for federal funds. These projects receive federal funds for 90 percent of the total project cost, with the state and local governments equally responsible for the remaining 10 percent.

The federal government is also responsible for distributing money from the Federal Aviation and Airway Trust Fund which funds airports in several ways. The federal government appropriates money directly to each state based on the geographical size and population of each state. The federal government provides a maximum of \$150,000 to each eligible general aviation airport as non-primary entitlement funds. The federal government also provides discretionary funds at the end of the year at the discretion of the FAA administrator, generally to commercial service and reliever airports. Finally, the federal government provides primary entitlement funds to commercial service airports, tiered based on passenger numbers. Since 2008, Georgia has participated in the FAA State Block Grant Program. This program distributes federal money directly to GDOT for airport improvement through the federal funding mechanisms described above. There are nine other block grant states.

For Fiscal Year 2022, the Georgia General Assembly appropriated \$17 million dollars for airport infrastructure and improvements. In 2018, Georgia appropriated \$25.1 million as a one-time funding to extend runways at 11 Georgia Airports. The following data is an overview of Georgia funds appropriated for airport infrastructure and improvements over the past five years:

- All 102 eligible airports received state funds in one or more years.
- 31 airports received state money in all five years.
- 62 airports received money in three or four years.
- Cartersville received the most state money of any airport, followed by Augusta Regional and Gwinnett County.

SUMMARY OF TESTIMONY AND DISCUSSION

Meeting #1 – Georgia State Capitol

The first meeting was held on September 8, 2021 at the Georgia State Capitol

1. The Current Airport Funding Framework

The Committee began with an overview of how Georgia airports are funded. Ms. Carol Comer, Director of Intermodal Division within the Georgia Department of Transportation (GDOT) began the testimony for the Committee by giving an overview of airports in Georgia. There are 105 airports in Georgia, 103 of which are publicly owned. All airports are licensed and inspected by GDOT. Seven of Georgia's airports are commercial airports, capable of landing larger aircraft and cargo flights. Ms. Comer testified Georgia has made funding available for Georgia's airports since Gov. Sanders. GDOT maintains the Georgia Statewide Aviation System Plan (GSASP) to identify and evaluate system needs, prioritize investments, and make recommendations to guide the development of Georgia's aviation system. GDOT also forecasts the use of existing aviation facilities, assigns roles, and updates the FAA with data so the FAA can generate their National Plan of Integrated Airport Systems (NPIAS).

Ms. Comer testified a priority in the state plan has been updating accessibility to 5,500 foot runways. Runways of at least this distance can accommodate 98 percent of traffic. Ms. Comer indicated that the state would not be where it is in updating the runways without the funding that was provided by the state under Gov. Zell Miller. The runway lengthening program has reached a point where the remaining runways that have not been upgraded are the runways that will be especially difficult and expensive to lengthen. Ms. Comer highlighted that there are presently \$1.3 billion dollars in projects planned under the GSASP. Annual funding however, without considering local funds, results in a \$343 million dollar annual funding gap.

One key consideration in funding is the available federal funds, which come in three varieties: entitlement, state-matched, and discretionary. Entitlement funds are available for most airports, however, airports with fewer than 10 based aircraft are not eligible. GDOT assists airports in requesting discretionary funds, and prioritizes state funds for state-matches to receive federal funds. There was a discussion within the committee that because state funds are prioritized for matching funds, there is a gap for projects that cannot receive federal funds, particularly where airports need state funds for economic development. Ms. Comer concluded her testimony by showing that Florida allocates \$329 million in state airport aid, compared to Georgia's \$16 million.

2. The Return on Investment for Funding Airports

Mr. Travis Vallin, Vice President of Aviation, a Woolpert Company, testified about the high return on investment of state funds used on airports. Mr. Vallin testified regarding a GDOT survey pre-covid which showed that from 2017 to 2020, Hartsfield-Jackson International Airport's (HJA) economic impact had risen from \$62.6 billion to \$73.7 billion, and that all

Georgia airports had increased their economic impact in that time. Mr. Vallin testified that HJA has 580 business tenants, employs over 67,000 Georgians, brings 1.4 million visitors to Georgia every year, and generates \$1.35 billion in state and local tax revenue annually.

According to Mr. Clark, President and CEO of the Georgia Chamber, airports are an expression of the economic viability of Georgia's cities. Mr. Clark explained in his experience, whether or not a community can secure new economic projects is directly tied to whether that community has an appropriate airport to service the project, and the Georgia Chamber cannot show off parts of the state that do not have a suitable airport. For example, LaGrange's airport was the key component in securing the new Kia plant. In addition to the economic impact, Mr. Clark testified that as the number of travelers to Georgia increases, so will the number of commercial passengers that are pushed out to secondary airports and airports have to become ready to support that. Finally, Mr. Clark testified that Georgia should step up to be a leader in the areas of drones and electronic aircraft that are going to be a part of the future.

3. Impact of Airports on Local Economies

In order to understand the impact of airports on Georgia's communities, the Committee invited testimony from numerous local airports. Mr. Tony Paulk, mayor of the City of Douglas concluded the testimony for the first hearing by discussing the Douglas Municipal airport. Douglas does not have interstate access, and its only life support for industry is its airport. Mayor Paulk invited the committee to imagine Atlanta without HJA, and that would be the plight of Douglas without its airport. Mayor Paulk testified that Wal-Mart alone brings \$100 million in merchandise for distribution through its airport, and the airport brings in medical services from South Carolina. Mayor Paulk emphasized that every dollar in funding to his airport has a large economic impact. Mayor Paulk concluded his testimony by describing the investment the city has in a new flight school at the airport that is presently operating at a loss because of how important the city believes the flight school will be. Mayor Paulk expects that the approximately \$12 million invested in the flight school will return \$50 million in economic impact.

Meeting #2 – Saint Simons Island

The second committee meeting was held on September 28th at Saint Simons Airport

1. Importance of Local Airports on Georgia's Communities

a. Saint Simons Island

Committee member Mr. Robert Burr, the president of the Georgia Airports Association began the testimony for the second meeting by describing the airports that service the St. Simons Island area, and the numerous business partners that rely on that traffic. Mr. Burr testified that the Saint Simons Airport is a locally owned and operated destination airport, where most traffic is private jets bringing people into their community. The airport, however, still

has needs, including approximately \$10 million in major runway work to maintain conditions and standards. Mr. Burr testified that Georgia is behind other regional states in providing state dollars. North Carolina, for example, spends much more than Georgia, and receives a 5 times return on investment for its state dollars. Mr. Burr concluded his testimony by explaining that in addition to the advantageous economic incentives for providing more money to airports, there is a major need in more funds to meet basic safety concerns.

Mr. Scott McQuade from Golden Isles Convention and Visitors Bureau testified that tourism is the number one business in Glynn County, doing \$1.6 billion impact annually. Notably, tourism increased during the COVID pandemic in Glynn County, with lodging taxes increasing 42 percent in 2020 as compared to 2019. Mr. McQuade testified that people flying to Glynn County's airports are largely first time visitors, and the visitors that fly in stay longer and spend twice as much money than those who visit by car. Mr. McQuade testified the Golden Isles needs expanded air service to compete with the Jacksonville Airport, and that presently only 20 percent of travelers fly in when traveling to the area.

Mr. Scott Steilen, the President and CEO of Sea Island Company testified regarding the importance of the Saint Simons Airport to Sea Island. Mr. Steilen testified that 70 percent of his business flies into the airport, and the airport is number 12 of any destination for Wheels Up, a private jet charter company. Mr. Steilen followed the testimony of Mr. McQuade in emphasizing the importance of expanding the airports to draw more direct flights into the Saint Simons Airport, instead of having travelers fly in to Jacksonville and drive up. Mr. Steilen's testimony spurred a discussion among committee members regarding the importance of investments in safety features. One particular safety feature, EMAS (Engineered Material Arresting System), was discussed heavily as a critical component the Saint Simons Airport needs to service the existing aircraft without having to expand the runway as the main runway for the Saint Simons Airport would be extremely difficult to extend further.

b. Statesboro

Mr. Ellis Wood, the chairman of the Airport Committee at Statesboro-Bulloch County Airport testified next regarding his airport. Mr. Wood testified his airport is a level III airport, and qualifies for \$150,000 in federal entitlement funding, but creates over \$1 million in economic development. His airport has such an ROI by being the "front door" of Statesboro, an active civil air patrol station, and by having numerous business partners, as well as attracting a movie that was filmed at the airport. Mr. Wood's airport has an annual budget of just under \$600,000, and has three full time employees. Mr. Wood testified that his principal revenue sources are hangar rents, fuel sales, and business leases. Mr. Wood also emphasized the importance of state funds as runway improvements and taxiway rehabilitation would not have been possible without GDOT assistance. Mr. Wood concluded his testimony by explaining the biggest needs for the airports are more hangars, a second runway and assistance in clearing obstructions.

c. Hazlehurst

Mayor Bayne Stone from the City of Hazlehurst testified regarding the Hazlehurst Airport. Mayor Stone testified that his airport is 60 years old, and was opened to balance an agricultural history with a look towards an industrial future. The airport allowed his community to make products for Sears and Ford and ship those goods out of Hazlehurst. The airport is critical in his city for keeping the industry that they have developed. Mayor Stone explained to the committee that his airport needs a new hangar as well as safety features to prevent bird and animal strikes on aircraft.

d. Savannah

Mr. Jonathan Pannell, a Partner at the Savannah law firm Gray, Pannell & Woodward, testified as the chair of the Savannah Chamber of Commerce. According to Mr. Pannell, the Savannah Airport is the largest driver of economic development in the city, both in tourism and supporting business, especially Gulfstream which creates over 10,000 jobs. There is already a need to expand the number of gates at the airport from 12, as travel is expected to exceed the passengers these gates can accommodate.

Mr. Jay Neely, the Vice President for Law & Public Affairs at Gulfstream Aerospace Corporation, testified regarding the impact of the Savannah Airport on Gulfstream. Mr. Neely testified that airports are a major driver in business, but particularly essential for his own. Gulfstream has 6,000 employees near Savannah building four aircraft platforms, including their flagship aircraft the G650. Gulfstream has had its worldwide headquarters in Savannah since 1967, and generates \$1 billion for the Savannah area in payroll alone, and has invested \$1.4 billion into the city since 2006. Additionally, Gulfstream has invested \$30-40 million in its Brunswick facilities in Glynn County. Mr. Neely emphasized for the committee that while his G650 *can* land on an airport with a 5,000 foot runway, longer runways are essential for non-stop travel and critical for attracting private charter flights, and many types of planes need 6,000 feet to land because of company policies or insurance reasons.

e. Atlanta

Committee member Ms. Hope Macaluso, the Airport Manager at Atlanta Regional Airport – Falcon Field in Peachtree City, testified before the rest of the committee regarding her airport. According to Ms. Macaluso, Georgia is not funding airports sufficiently to keep up with regular maintenance and funding is dramatically lower than peer states such as the Carolinas and Florida. Ms. Macaluso testified that Georgia should be appropriating at least \$50 million annually, but ideally upwards of \$100 million towards airport infrastructure. Ms. Macaluso testified the greatest needs are related to land acquisition (which presently cannot use state funds), runway and taxiway pavement rehabilitation, and safety features, as wildlife strikes are a major concern for many Georgia airports. Ms. Macaluso also highlighted

the needs for hangar space, as there are numerous bottlenecks, including strict requirements on how hangars are constructed and capitalization sources for hangars.

f. Thomaston

Mitch Ellerbee, the Airport Manager for Thomaston-Upson County Airport, testified about the importance of his airport to his community. The Thomaston-Upson County Airport was relocated in 1994, the first airport constructed in Georgia in 20 years at that time. While the airport is small, Mr. Ellerbee testified that it supports 5,000 jobs in a county with only 20,000 residents. Thomaston was devastated by the loss of cotton mills, but the loss was fortunately anticipated and a large reason the airport was built, and the losses were made up by the airport. The largest employers in the county have located adjacent to the airport, and the county is building up around the airport.

2. Necessity of State Funds for Successful Airports

Mr. Tim Obitts, the President and CEO of the National Air Transportation Association testified regarding the needs of airports looking towards the future. Mr. Obitts testified that people increasingly are purchasing larger airframes, and will necessitate investments in infrastructure for airports to accommodate this traffic. Mr. Obitts emphasized the importance of not forgetting the 95 general aviation airports when making recommendations, as these airports are essential to small communities. Mr. Obitts explained the capitalization problem of hangars as it is difficult to get any tenant to come up with \$10 million for a hangar that will be then owned by the airport rather than the tenant. Mr. Obitts echoed the statements of previous speakers that these airports are economic hearts of smaller communities, bringing in cargo and jobs. For example, Mr. Obitts noted that, for many rural communities, local airports were the sole source of COVID vaccines

Travis Vallin, the Vice President for Aviation, a Woolpert Company, concluded testimony for the second meeting. Mr. Vallin emphasized that very few states effectively fund their critical infrastructure, but those states that do stand out, not only to their communities, but in attracting economic development to their state. Mr. Vallin cited a poll among businesses that critical infrastructure was the third most important reason for businesses to relocate or start in an area. By contrast, tax incentives were only the ninth highest reason. Mr. Vallin testified that if Georgia funded airports to the same level that Wyoming funded airports, Georgia would be appropriating \$70 million annually.

Meeting #3 – Hartsfield-Jackson International Airport

The Committee's third meeting was on October 29th at Hartsfield-Jackson International Airport.

1. Investing in Georgia's Airports Helps Hartsfield-Jackson

Ms. Myrna White, Assistant General Manager for Public and Government Affairs at Hartsfield-Jackson International Airport ("HJA") began testimony for the meeting by reminding the committee that HJA is the busiest airport in the world, and sees itself as the "rising tide that lifts all boats" of Georgia airports. As HJA recovers from the pandemic and air travel increases, HJA will rely on other regional airports as reliever airports, increasing their air operations. Additionally, HJA relies on smaller airports to service Georgia's general aviation traffic so HJA can concentrate on commercial traffic. HJA has \$66 billion in economic impact, with the vast majority of that impact remaining in the state. According to Ms. White, HJA creates 383,000 jobs through its operations.

2. Investing in Georgia's Airports is Investing in Georgia's Industry

Mr. Jeff Davidman, Vice President for State and Local Affairs for Delta Air Lines began his testimony with an adage that "if you build a mile of road you can travel a mile, but if you build a mile of runway you can travel anywhere." Mr. Davidman testified that with 875 daily flight operations and 34,000 employees, HJA is Delta's largest hub, more than twice the size of their next largest hub. Notably, 60 to 65 percent of Delta's traffic through HJA is connecting flights. Mr. Davidman testified the fuel tax exemption has had the desired effect on air travel by increasing the number of fliers by 5.2 percent, representing 3.2 million travelers, outpacing more populous states such as New York in the same period. Delta was dramatically affected by the COVID pandemic, losing 40 percent of employees and \$12 billion in revenue. Delta, however, is recovering and has hired 2,000 Georgians. Delta has started a program with Middle Georgia State University where they interview sophomore aviation students for guaranteed employment within 5 years of graduation. Delta's investment in HJA is larger than anywhere else, agreeing to invest \$6 billion on a new expansion as part of their new lease in 2016. Delta has a \$425 million operating budget at HJA which pays for critical infrastructure such as police and fire operations.

Mr. Billy Ragan, Airport Manager of the Vidalia Regional Airport testified that his airport, originally a training airport during World War 2 for bomber pilots, consists of two runways and two full time employees servicing Vidalia, with its population of 12,000. Vidalia Regional Airport has 29 based aircraft, all but one being single engine. The Vidalia Regional Airport, however, is critical for the local economy and Mr. Ragan described the numerous local companies that rely on service from the airport, as well as partnerships with the Georgia State Patrol, Georgia Forestry, and all military branches. Mr. Ragan testified that in order to keep up with demand, the airport will need to increase hangar and ramp space. There is a requirement for local communities to come up with 25 percent of project costs to qualify for the 75 percent contribution from the state, which Vidalia can afford, and the airport has had contributions from Georgia Power, but many communities cannot and are entirely self-funded. Mr. Ragan suggested a grant program to cover the 25 percent of smaller communities that cannot cover the cost, or to create a jet fuel tax trust fund.

Mr. Mario Evans, the Airport Director at DeKalb Peachtree Airport (PDK) testified about the needs of his airport. PDK is the second largest airport in Georgia and has 200 individuals on its hangar waiting list, including a list of corporate flight departments that would come to PDK if hangar space was available. They have a refundable fee they charge to get on their hangar waiting list. Mr. Evans testified that PDK is fortunate enough to be self-sufficient, but infrastructure improvements are expensive, and he noted that improvements are double the costs of a few years ago. Mr. Evans pointed to the \$600 million of infrastructure needs, but only \$35 million in funding for all Georgia airports to fight over. Mr. Evans noted that just replacing the middle section of his main airport would cost \$8 million dollars. Mr. Evans noted that ad valorem collected on planes do not go back to airports, but to general funds, as did jet fuel taxes when they were collected, and suggested either or both could be converted to trust funds. Mr. Evans concluded his testimony by noting that his airport services 800 international flights annually, but customs wants to shut down operations unless the airport builds a new customs facility to their specifications, and a similar facility cost Cobb County \$1 million to build.

3. Georgia Airports are Struggling to Meet the Hangar Demand

Mr. Hugh Weaver, the Vice President of Pond and Company, began his testimony by reinforcing the importance of increasing the number of airplane hangars in this state, as 70 percent of airports in this state have waiting lists, with some lists going years. Mr. Weaver testified that DeKalb Peachtree Airport has a waiting list going 15 years. Mr. Weaver testified that there is grant funding in other states specifically for building hangars. Minnesota has a loan program for hangar space that has been in operation since 1957 and the Florida Department of Transportations has a work program expected to grow to \$115 million and 6 percent of those funds are used on hangars. Part of the challenge for the market to purchase new hangars is that the market has not caught up to operating costs, so many hangars have to operate at a loss. Ms. Macaluso suggested that the state could assist in setting market rates. Other recommendations during Mr. Weaver's testimony included loans, loan guarantees, direct grants, discounts, and reducing restrictions on hangar construction.

Ms. Shelley Armato, the CEO and President of MySmartPlans, testified regarding her company's work on airport infrastructure and improvements. MySmartPlans provides information governance and digital records management for airports and assisting their subcontractors and vendors. This information governance provides peace of mind and accountability for state funds. Ms. Armato testified that money spent on information governance is reimbursable under the Federal Airport Improvement Program.

4. Georgia Has an Opportunity to be a Leader in Aviation's Future

Dr. Brian German, Co-Director for the Center for Urban and Regional Air Mobility and Professor at Georgia Tech testified there is an inevitability of electric airplanes, as these aircraft have the potential to be less expensive, cheaper to operate, and more comfortable than traditional aircraft, as well as dramatically more environmentally friendly.

Importantly, the only way to get general aviation to be lead free is electric aircraft. Dr. German testified that the cost of electricity compared to the cost of fuel would allow for a 25 percent cost reduction, and batteries and engines are approaching viability for commercial use. There are numerous electric aircraft that have been type certified or are in the certification process, and there are already orders for hydrogen fuel cell aircraft made by airlines. Additionally, over 200 start-up companies are planning to produce “urban air taxis,” small electric aircraft that could fly through urban areas. Dr. German testified that there will be numerous infrastructure needs in the future including chargers, increased power to airports and hydrogen storage and specialized fire training. Dr. German suggested the large empty areas in airports could be used for solar panels. Ohio, Texas, and Washington are already pushing forward with the infrastructure development for electric vehicles. Dr. German concluded his testimony by noting Georgia Tech is planning to build a research hangar and is currently seeking funds.

Meeting #4 – Jackson County Agricultural Facility

The Committee’s final informational meeting was December 10, 2021 at the Jackson County Agricultural Facility.

1. Economic Impact of the Business Aviation Industry

The first speaker for the final meeting was Gregory Voos, Southeastern Regional Representative of the National Business Aviation Association, who testified on behalf of the 11,000 member companies NBAA represents, regarding the value of improving airport infrastructure to his members. The business and general aviation industry in the United States supports 1.2 million jobs and has \$247 billion in economic impact. While commercial aviation serves 500 airports, general aviation can reach more than 5,000 airports and is a critical link for business, moving people and equipment, conducting medical flights, and supporting disaster relief and humanitarian missions. Georgia’s general aviation airports support large corporate flight departments such as those for Chick-fil-A and Home Depot, and are essential for bringing large businesses to Georgia. Mr. Voos testified that to continue to meet the needs of business, Georgia should invest in extending runways to 5,500 to support medium sized jets and 7,500 to support large jets, as these runway lengths are an important criteria in where business aviation operators base their aircraft. Mr. Voos also signaled that hangar infrastructure is an important factor as demand exceeds supply throughout the southeast, and businesses are looking for long term leases to support their fleets.

Danny Morgan, Chairman of the Dalton Airport Authority, provided testimony regarding the impact his airport has on the community of Dalton, and the needs of the airport. The Dalton Airport supports \$1.25 billion in corporate infrastructure annually, including nearly 4,000 jobs and more than 30 international companies. While Dalton is famous for its carpet industry, the airport also supports solar panel manufacturing, the manufacture of automotive components, and manufacturing synthetic turf. Georgia, however, only provides approximately \$16 million annually in airport infrastructure funding, compared to

approximately \$329 million in Florida. Even with all the businesses that the Dalton Airport supports, its hangar rents and fuel sales outpace their operating expenses. Dalton Airport is lucky in that the city of Dalton will allocate the funds to receive matching funds, but the Dalton Airport has not built a new hangar since 2009, and has 39 individuals on its hangar waiting list. Mr. Morgan suggests that Georgia increase its investment on airports up to at least \$100 million, revise the matching funds formula so that the state takes on more than 75 percent for pavement, runway, hangar, and terminal improvements.

Greg Kelly, Executive Director of the Savannah Hilton Head International Airport testified regarding the impact airports have on Georgia and to provide recommendations for Georgia going forward. According to Mr. Kelly, airports are essential for Georgia to remain the #1 state to do business, as airports are the second highest criteria evaluated for businesses in determining in which state to move. Mr. Kelly highlighted that the Jackson County Airport was an important factor in locating the SK Battery plant to Jackson County, bringing 6,000 jobs. Georgia's commercial airports, excluding HJA, account for \$5 billion in economic activity, despite only receiving a \$2 million investment from the state. Georgia's airports are already competing with states such as North Carolina and Florida that are heavily investing in airport infrastructure, and Tennessee, Alabama and South Carolina are working towards increasing their investment as well. Additionally, air cargo is going to continue to grow as an important industry. HJA can already provide cargo anywhere in the world in 72 hours, but capacity restricts how much cargo can leave the airport. Mr. Kelly also pointed to the port cargo volume increases, and noted that there will be more of a need for air cargo as a result.

Mr. Kelly recommended that Georgia increase its investment to Georgia airports to approximately \$80-\$100 million annually, and to remember 5 "ity's," reliability, predictability, flexibility, spendability, and affordability, in crafting the funding program attributes. Mr. Kelly concluded his testimony by pointing out Georgia is one of the few states without a rental car tax, ride share is taxed at a flat rate of \$.50 per trip instead of increasing with the cost of the trip, and hotel-motel fees cannot go to airports. Mr. Kelly suggested these revenue streams should be looked at as funding sources for airport infrastructure.

2. Aviation funding in North Carolina and Florida

Bobby Watson, Director of the Aviation Division of the North Carolina Department of Transportation, and Greg Landguth, President and CEO of the Raleigh-Durham Airport Authority, testified about the North Carolina response to airport infrastructure and improvements. North Carolina is a state with 72 airports and 10 commercial service airports that was facing an \$82 million annual shortfall in airport infrastructure funding. Nationally there is an \$18 billion dollar shortfall. In 2015, North Carolina created a task force to improve infrastructure funding. The task force discovered that there was a 23 dollar return for economic development for every dollar spent on airport infrastructure. The task force recommended that North Carolina do the following:

- Create a reliable source of funding for system Airports
- Develop strategies to use funding to maximize the economic impact
- Create an efficient grant process
- Reinvest the tax revenue from the existing taxes on airports back into airport infrastructure
- Offset the \$82 million spending deficit
- Study how to help smaller airports

Following the task force findings, North Carolina increased its funding of airports generally by 240 percent, with a 1,200 percent increase for commercial airports and a 75 percent increase for general aviation airports. The state and the aviation industry reworked the matching funds formula, with the first priority to increasing economic development. North Carolina created a grant program representing approximately \$40 million a year to improve pavement, lengthen runways, and provide airfield lighting. Additionally, North Carolina invests approximately \$7 million a year from its jet fuel tax to airports, with priority ranked by the return on investment. Importantly, accountability is built into the process, with annual reporting required for what funds are allocated and how funds are used.

Mr. Burr testified before the Committee regarding aviation infrastructure spending in Florida. Florida has the most major hubs of any state, has more international air cargo than any state, and is home to seven percent of the nation's general aviation aircraft. Unlike Georgia, Florida is not a block grant state, but has committed to fully funding its airport system. Florida has codified that 15 percent of its state transportation trust fund will be committed to public transportation projects, which includes airports. Florida codified a formula for funding shares between state and local governments as follows: commercial service airports are funded with a 50/50 split; general aviation airports are funded with an 80/20 split; and land acquisition may be initially funded with a 75/25 split. Florida also provides an additional source of funds called SIS that disperses funds to airports with strong economic development. Airports in Florida can expect Florida to provide an average of \$246 million annually for the next five years.

3. Georgia Airports Association's Recommendations for the Committee

Mr. Burr also provided the committee with the Georgia Airport Association recommendations to recognize the needs of airports, and the return on investment funding airports provides:

- Raise total state annual funding for airport infrastructure and improvements to between \$80 and \$100 million.
- Allow state funding to be continuous, and adjusted with consumer-price index considerations.

- Expand projects eligible for state funding to include revenue producing projects, land acquisition, hangar development and obstruction mitigation.
- Increase the percentage the state contributes for airfield and safety projects from 75/25 to 95/5 to mirror the federal program.
- Allow funding to carry over annually to allow for larger projects.
- Streamline process for approving projects and allow for greater local discretion.
- Consider work force development for aviation careers.
- Conduct further studies on commercial air carrier and air cargo investment opportunities.

COMMITTEE RECOMMENDATIONS

While the Joint Study Committee on Airport Infrastructure and Improvements does not propose legislation as a result of its study committee process, it does recognize that the following issues merit further attention and recommends the legislature consider the following recommendations, either in whole or in part:

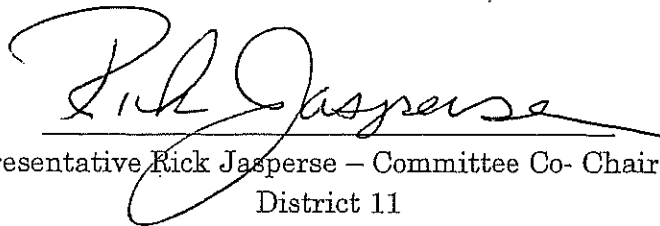
- Raise total state annual funding for airport infrastructure and improvements to levels comparable to neighboring states like Florida and North Carolina.
- Allow state funding to be continuous, and adjusted with consumer-price index considerations or as a percentage of total state revenue.
- Expand projects eligible for state funding to include revenue producing projects, land acquisition, hangar development and obstruction mitigation.
- Revise funding formula to increase the amount the state contributes for airfield infrastructure and safety projects, provided there is an overall increase in aviation grant appropriations.
- Allow an Airport's revenue generating projects to be eligible for state funding.
- Allow funding to carry over annually to allow for larger projects, with appropriate restrictions on the length of time and the amount that can be carried over.
- Consider a loan program with stipulations for building hangers.
- Streamline process for approving projects and allow for greater local discretion.
- Consider a constitutional amendment allowing the state to take on general obligation debt in order to make grants or loans to local governments for airport infrastructure.
- Consider work force development for aviation careers.
- Conduct further studies on commercial air carrier and air cargo investment opportunities.

Respectfully Submitted,

**THE FINAL REPORT OF THE JOINT STUDY COMMITTEE
ON AIRPORT INFRASTRUCTURE AND IMPROVEMENTS**

A handwritten signature in black ink, appearing to read "Frank Ginn", written over a horizontal line.

Senator Frank Ginn – Committee Co-Chairman
District 47

A handwritten signature in black ink, appearing to read "Rick Jasperse", written over a horizontal line.

Representative Rick Jasperse – Committee Co-Chairman
District 11