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New York Aviation Management Association (NYAMA)
Joint Legislative Public Hearing on the 2014-2015 Executive Budget-
Transportation
by Jeremy P. Martelle, NYAMA Board Member

Good afternoon Chairman DeFrancisco, Chairman Farrell and Members of the Joint Legislative Committee. I am Jeremy Martelle, Board Member of the New York Aviation Management Association (NYAMA).

NYAMA represents over 13,000 members and affiliate members, 120 commercial service and general aviation airports, fixed based operators, consultants, engineers and other aviation professionals who believe that serious economic development efforts at the state and regional level necessitate strong public investment in our aviation assets and facilities. NYAMA respectfully submits this testimony to be considered as you review the 2014-2015 Executive Budget.

NYAMA saw significant gains in the 2013-14 State Budget including the restoration of a program that provides critical capital funding for airport infrastructure. We are extremely grateful to the legislature for initiating this restoration and the Governor for agreeing to include it in the final budget agreement last year.

The Importance of Airports and the Aviation Industry to NYS

Airports are economic engines stimulating growth in the communities they serve. The aviation industry in New York contributes over 50 billion dollars in annual economic activity and almost 400,000 State residents work in aviation or other aviation-related industries. Aviation within the State generates 18 billion dollars in payroll and 4.5 billion dollars in state and local tax revenue annually. This powerful economic engine and its benefits to New Yorkers are jeopardized by a lack of critical infrastructure investment, competition from other neighboring states, and sluggish state and national economies.

According to a recently-released study titled "New York State Economic Impacts of Aviation", State Department of Transportation Commissioner Joan McDonald, reported that infrastructure and security investments in the aviation sector, specifically at public-use airports, help generate billions of dollars in economic activity in New York. The study evaluated economic activity to include jobs and taxes generated by the aviation sector and confirmed the importance of the aviation system in the state. Commissioner McDonald asserted:

"Continued strategic investments in New York State's aviation industry will help rebuild the economy by attracting and retaining businesses that depend on aviation for shipping and

receiving goods, while also providing business and recreational travelers with safe, fast and reliable service."

New State Funding For Airport Projects

As I mentioned, tremendous gains were made in addressing some critical infrastructure needs of airports in the current budget. That budget allocated 10 million dollars for aviation with a portion being used to match federal funding through the Airport Improvement Program (AIP). The remaining funds were allocated to a program based on direct competitive grants to airports for critical economic and business development projects.

This new funding helps offset the loss of more than 15 million dollars annually for aviation capital grants under the previously funded New York State Transportation Bond Act's AIR '99 Program that was last funded in the 2009-2010 State Budget. The AIR '99 Program has provided valuable financial assistance for vital infrastructure at airports across New York. This funding included repair of existing facilities, new infrastructure such as water and sewer connections, and critical safety enhancements. The loss of this program essentially reduced state funding for these types of projects to zero.

Federal Airport Improvement Program Funding Boost Needed

The Executive Budget includes a 4 million dollar annual appropriation for state matching funds for projects funded by the federal Airport Improvement Program. The Executive Budget does not increase funding for the AIP program, but instead uses part of the 10 million dollar capital appropriation mentioned earlier to plug the funding gaps. While this protects losing federal aviation funding it reduces the funding available by 20 to 30 percent for important NY airport development projects in the state airport capital program.

NYAMA requests that AIP be fully funded as a separate line item at 8 million dollars so that the full 10 million dollars of capital is available for airport development projects throughout the state.

The Financial Needs of NY's Airports are Well Documented

Based on analysis of Federal Aviation Administration approved capital plans the State Department of Transportation has estimated the total needs for the 20-year period between 2010 and 2030 to be 4.3 billion dollars. This investment will be necessary to preserve the system and allow airports to grow passenger, cargo, and general aviation services. On average, the state funding level of 20 million to 30 million dollars per year is what is required to maintain aviation service and preserve core programs. Considering aviation contributes 4.5 billion dollars in state and local tax revenue annually it seems reasonable that airports see a portion of this revenue go back to aviation in the form of state assisted economic and business capital development projects at airports.

The importance of airports in New York as economic engines and transportation resources is evident and NYAMA is therefore urging the Legislature to work with the Governor to establish a significant, reliable and permanent aviation funding program.

Other Executive Budget and State of the State Proposals

The aviation industry is particularly interested in several initiatives the Governor is advancing to promote economic growth and job creation through a number of state government and private sector partnerships.

The Governors "START-UP NY Global Initiative," designed to link START-UP NY and the Regional Economic Development Council initiatives to attract international investment and jobs to Upstate New York would no doubt require a significant role by Upstate airports. Global marketing and export strategies will need to consider and include the availability and reliability of air service and general aviation assets which New York has in abundance.

The Governor's NYWorks Agenda focuses on aggressive business development efforts that are seeking to revitalize the State's economy. With a focus on aiding business owners, retaining and creating employment opportunities, and investing in higher education, the aviation industry will support getting New Yorkers back to work. The aviation industry is a key partner is supporting these through the employment of nearly 400,000 aviation related workers.

We urge the Legislature to support these worthy initiatives, and support a strong role for airports and the aviation industry in these efforts.

Enact the Aviation Jobs Act

A key initiative NYAMA is pursuing is the "Aviation Jobs Act" which has passed the Senate several years and is prime-sponsored in the Assembly by Assemblywoman Donna Lupardo, along with a significant number of bi-partisan co-sponsors.

The Aviation Jobs Act seeks to reform the sales tax treatment of general aviation in New York. In 2004, NYAMA successfully advocated for sales tax relief for the maintenance and repair of general aviation aircraft. Data from the NY Tax Department indicates that the exemption has been a tremendous success resulting in an expansion of aviation maintenance and repair businesses which result in more jobs and increased tax revenues here in New York. To further this point, Federal Aviation Administration data reveals an increase of 23 such repair entities and the creation of 686 new aviation-related permanent jobs in New York since the enactment of this tax reform. In the aforementioned economic study, DOT found that direct revenue impacts have been found to provide up to 5 on-airport jobs and approximately 1 million dollars in annual economic activity. There is a direct correlation between job creation and the aviation industry.

It is our goal to replicate the past successes via the Aviation Jobs Act, to extend the job stimulus effect to include the purchase of aircraft. This tax law change is important for two critical reasons. The savings that can be realized across state borders has drawn businesses and based aircraft away from New York State, along with the associated jobs and related business activity connected with the aircraft. New York must enact the Aviation Jobs Act to reverse this economically-destructive situation where we are exporting income and job producing aviation assets to neighboring states.

NYAMA and its members across New York State strongly support your efforts to ensure that the State pursues policies that are pro-growth and pro job creation in these tough fiscal times. NYAMA has suggested today several policy changes to do just that. Our Board and members stand ready to assist you and respond to any questions or requests for additional information you may have.

Thank you.

January 30, 2014