

**TO:** AIRPORT COMMISSION

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**SUBJECT:** LEGISLATIVE UPDATE

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## **FEDERAL**

### **FAA Reauthorization**

FAA Reauthorization legislation has cleared **House Transportation and Infrastructure Committee** (T&I). The bill passed by T&I contained no Passenger Facility Charge (PFC) increase, the same funding level for Airport Improvement Program (AIP) funding and a controversial provision to privatize the nation's air traffic control system. However, the bill has not yet been brought to the full House floor as the Chairman of T&I continues to try to find enough support for his provision to privatize the air traffic control system to clear the House floor. However, he was unable to do so before the House went into recess until after Labor Day.

Meanwhile, the **Senate Transportation Committee** has passed its version of FAA reauthorization the bill. Like the House version, there is no PFC increase. The bill does contain a slight increase in AIP funding. However, unlike the House T&I version of the bill, the Senate Transportation Committee bill contains no provision to privatize ATC. Like the House T&I bill, the Senate Transportation Committee version has not yet been brought to the floor of the full Senate because of the issue of reducing training hours required of for entry level pilots to more quickly address a shortage of pilots for small airlines. Senate Democratic Leader Chuck Schumer has vowed to make every effort to block any bill that reduces training requirements/hours. The Senate has adjourned for the summer, meaning the full Senate will not hear the bill until they return after Labor Day.

*Bottom line:* The delays in bringing FAA reauthorization legislation to the floor in both chambers of Congress very likely means there will be a short-term extension will be needed for the current legislation. Short-term extensions can be disruptive for the award of FAA AIP grants since the FAA needs at least six months of funding to continue funding without disruption.

### **Provision to Raise the PFC Cap in FY 18-19 DOT Senate Appropriations Bill**

The FY 18-19 Senate appropriations bill for the Department of Transportation (DOT) contains a provision to increase the PFC cap by \$4.00 (to \$8.50) at originating points (starting location where passengers initiate their travel) only. The provision would also increase AIP funding by \$250 million (from \$335 to \$3.6 billion in 2018).

In response to communication from Airport staff, Senator Dianne Feinstein, a member of the Appropriations Committee and long time supporter of a PFC increase, advised staff that she continues to support an increase in the PFC cap.

The full Senate Appropriations Committee met on July 27 and approved the FY 2018 funding bill for DOT containing the provision to raise the PFC cap to \$8.50 for originating passengers and increase AIP funding by \$250 million. The bill was approved on a unanimous, bipartisan vote of 31-0. The next step is to gain passage in the full Senate when the Senate returns from its summer break.

The House Appropriations Committee also passed a DOT appropriations bill in late July before adjourning for its summer recess. However, the House bill contains no PFC increase and AIP funding stays the same as the current year (\$3.35 billion).

If the House bill (containing no PFC increase) and Senate bill (containing a PFC increase) clear their full chambers in their current forms, the final appropriations bill will have to be negotiated in a House-Senate Conference Committee.

*Bottom line:* There is still a long way to go in the legislative process (the full Senate, the Senate-House Conference Committee, the full Senate again, the full House and a presidential signature). *There are still many ways for this provision to be stripped from the Senate bill but for the first time in years there is reason for cautious optimism.*

### **House Homeland Security Appropriations**

In late July, the House Homeland Security Appropriations Subcommittee approved an appropriations bill for the Department of Homeland Security (DHS). The bill covers the Transportation Security Administration (TSA) as well as Customs and Border Patrol (CBP). The DHS funding measure contains a decrease of \$160 million from the current funding level for TSA. It authorizes \$77 million to pay for TSA to staff exit lanes and authorizes \$45 million for law enforcement officer (LEO) grants, which reimburses local government for deploying police resources to meet federal mandates. Earlier in the year, the President had proposed to end both the staffing of exit lanes and the LEO grants. In FY 16-17 SJC received about \$490,000 in LEO funding for its police personnel and police canine units.

The House bill also includes \$1.6 billion for CBP to build the southern border wall and \$100 million to hire 500 more border patrol agents. No additional funding was explicitly targeted to hire CBP officers at sea and airports.

The Senate Appropriations Committee has not yet taken up a bill for DHS/TSA/CBP and will not do so until after the August recess.

### **STATE**

- AB 218 would allow Customer Facility Charges (CFC) at airports to be collected as a financing option without the fiscal burden of bonds or other forms of indebtedness. This measure is currently headed for passage with no opposition.

- AB 1286 extends the January 1, 2018 sunset date for airports to commence the process to impose the alternative daily CFCs to January 1, 2025. This measure is also headed towards passage with no opposition.
  
- The California Air Resources Board (CARB) Zero-Emission Airport Shuttle Buses initiative in the California Sustainable Freight Action Plan will require airport-owned shuttle buses, and other shuttles operating on a fixed route to and from airports, to begin transitioning to zero-emission technologies by 2023.