

**TO:** AIRPORT COMMISSION

**FROM:** Matthew Kazmierczak  
Division Manager

**SUBJECT:** Legislative Update

**DATE:** July 23, 2025

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## **FEDERAL**

### **H.R. 1 (“Big Beautiful Bill”)**

This large budget-reconciliation bill includes provisions that will impact airports and aviation:

- \$12.5 billion allocated for air traffic control upgrades
- 5,000 new CBP officers, some of whom will assist at airport ports of entry
- No changes to municipal bonds
- Reduces funding for alternative fuels and low-emission aviation technology
- Reduces funding/incentives for clean/low emission vehicles and buildings
- New fees for tourists:
  - Visa Integrity Fee – A new \$250 fee for foreign nationals. Combined with the current nonimmigrant visa cost of \$185, the total will be \$435. Countries in the Visa Waiver Program are exempt. The fee is theoretically reimbursable upon return, but the reimbursement mechanism is still pending. Effective October 1, 2025. This may impact some SJC passengers from Mexico.
  - Other fee increases
    - I-94 arrival/departure record fee increases from \$6 to \$24
    - Electronic System for Travel Authorization (ESTA) fee increases from \$21 to \$40

### **Fiscal Year 2026 Federal Appropriations**

House Transportation Appropriation Bill for Federal Fiscal Year 2026 includes:

- \$4 billion for the Airport Improvement Program (AIP), plus \$313 million of discretionary funding.
- \$30 million to support airport transitioning away from PFAS in firefighting foam
- Language ensuring FAA reimbursement for airport badging-related costs

## Grants

- FAA has resumed grant distributions
- Grant announcements for SJC:
  - \$322,258 for development of a pavement management plan
  - \$3.9 million for runway/taxiway work
  - Contracts for these are not yet received.
- The U.S. Department of Transportation (DOT) issued new requirements for grant assurances for Airport Improvement Program (AIP) and Infrastructure Investment and Jobs Act (IIJA) grants, including Airport Infrastructure Grants (AIG) and Airport Terminal Program (ATP). These [modifications](#) include:
  - Modified civil rights provisions.
  - Modified language regarding federal anti-discrimination laws including certification that sponsors do not “operate any programs promoting diversity, equity, and inclusion (DEI) initiatives that violate any applicable Federal anti-discrimination laws.”
  - New language requiring that sponsors ensure that “Federal funding is expended in full accordance with the United States Constitution, Federal law, and statutory and public policy requirements: including but not limited to, those protecting free speech, religious liberty, public welfare, the environment, and prohibiting discrimination; and the Sponsor will cooperate with Federal officials in the enforcement of Federal law, including cooperating with and not impeding U.S. Immigration and Customs Enforcement (ICE) and other Federal offices and components of the Department of Homeland Security in and the enforcement of Federal immigration law.”
  - New language requiring that sponsors “cooperate with FAA activities installing, maintaining, replacing, improving, or operating equipment and facilities in or supporting the National Airspace System” with significant financial penalties for violations.
- The City of San José sued DOT and received a temporary injunction preventing the enforcement of the new grant assurances. The City will evaluate any revised language when available.

## Other Noteworthy Item

- **Senate Bill 2378 (SAFEGUARDS Act)** – Proposes increased TSA security technology acquisition using revenue from the September 11 Security Fee. Equipment includes explosive detection systems, credential authentication machines, computed tomography scanners, and automated exit lanes.

## **Key Federal Dates**

- September 30, 2025 – End of Federal Fiscal Year
- September 30, 2026 – Federal Highway Programs Expire
- September 30, 2028 – Current FAA Programs/Taxes Expire

## **STATE**

Select state legislation that the California Airports Council is supporting:

- AB 1150 (Schultz) – Authorizes airports to increase the daily maximum customer facility charge collected from rental car customers from \$9 to \$12 per day. This increase is optional for airports and subject to allowable usage rules. Bill seems to have broad support.
- AB 839 (B. Rubio) – Aims to accelerate the development of in-state sustainable aviation fuel (SAF) production capacity. Now a two-year bill.

Select state legislation that the California Airports Council is opposing:

- AV 339 (Ortega) – Requires local public agencies to provide 120 days' notice before issuing a request for proposal, quote, or renewing/extending contracts for services that overlap with represented job classifications. City is proposing to oppose.
- AB 1331 and SB 238 – Address workplace surveillance. Seeking an airport-specific exemption.