

To the Assembly and Senate leadership

The Commission is requesting that the Legislature not reduce or borrow funds from the Local Airport Loan Account as part of its deliberations towards developing a balanced state budget.

The Commission was informed by its Technical Advisory Committee on Aeronautics, that the Local Airport Loan Account (administered by the CalTrans Division of Aeronautics) which many small public use airports use to finance facilities such as hangars, might be used under certain overall State budget scenarios, for general State non-aeronautical purposes. Public use airports serve a vital part of the state economy. These airports provide key staging areas for fighting fires in California and provide the necessary infrastructure for safety and air-ambulance services.

The Commission feels that this \$8 million account should NOT be used for non-aeronautical purposes, to the detriment of small airports throughout the State. The Commission understands that the Local Airport Loan Account was originally established via a loan from the Aeronautics Account that was since repaid in the late 1980s. The account is a self-funded revolving fund that local airports can use to finance capital airport improvements. A local airport, with a loan from the account, must pay principal and interest on the loan. Interest rates on those loans are based upon the latest general obligation bond sale.

However, if the Local Airport Loan Account is used as a revenue source for non-aeronautical purposes to help balance the budget, the Commission requests that funds used be considered to be a loan. The Commission requests that the Legislature include language in the Budget Act explicitly stating that funds borrowed from the Local Airport Loan Account be repaid over the next three fiscal years (FY 2009-10 through FY 2011-12), in order to minimize impacts on local airports, which are the source of the aeronautical revenues in the first place.