



MEMORANDUM

To: Chris Sieklucki
From: Matt Solak
Date: February 17, 2020
Re: MAAE Monthly Legislative Report

State-of-the-State 2020 Highlights

On Wednesday, January 29th, Governor Whitmer delivered her State of the State Address to a Joint Session of the Legislature.

Her major announcement was her proposal to have the State Transportation Commission issue \$3.5 billion in bonds for road infrastructure. The plan was approved by the commission on Thursday morning. A vast majority of the projects were in the metro Detroit area and the plan did nothing to support much needed investments in other infrastructure—including airports.

The Governor's office said Wednesday the program, which she is calling Rebuilding Michigan, will add and expand 122 major new road projects and nearly double the amount available to fix roads over the next five years, from \$3.8 billion to \$7.3 billion.

A presentation on Rebuilding Michigan can be found here https://www.michigan.gov/documents/mdot/MDOT_Rebulding_Michigan_-_STC_-_final_679815_7.pdf

Education and Skills

The Governor spoke about the Michigan Reconnect program, which will provide free skills training and degree programs for adults and help to reach her goal of 60 percent postsecondary attainment by 2030. She also discussed a challenge to raise the percentage of high school students that fill out their FAFSA applications

Jobs and the Economy: The governor addressed the 11,000 new auto jobs in Michigan in 2019. She also spoke about the construction of the Gordie Howe International Bridge that will create thousands of jobs in Michigan.

Health Care

Governor Whitmer asked the legislature to write into state law parts of the Affordable Care Act (ACA) including protections for pre-existing conditions. She also announced plans to create a task force focused on lowering the cost of prescription drugs.

Overall State Issues

State Budget

Governor Whitmer presented her 2020-2021 fiscal year budget on February 6, 2020. The budget for State Aeronautics Fund was fairly standard. The MDOT Budget highlights indicated, "*An additional \$30 million for airport improvements. A total of \$27 million of the increase represents potential federal funding for Michigan airports that has been applied for under competitive grants. These grant awards would be matched by \$1.2 million in additional State Aeronautics Fund revenue.*" Based upon a review of the budget the increase of \$1.2 million is projected growth in tax revenue. As MAAE is aware actual tax revenue often falls short of the projected budget numbers.

Airport Issues

Peer-to-peer Carsharing

MAAE has been approached by Enterprise Rental Cars on the issue of peer-to-peer carsharing service companies. There are a few including Turo, Getaround and Maven. Peer-to-peer carsharing (also known as person-to-person carsharing and peer-to-peer car rental) is the process whereby existing car owners make their vehicles available for others to rent for short periods of time. These companies are attempting to offer rental car services for substantially less than traditional rental car companies.

According to Enterprise these companies are operating at DTW and GRR without a service agreement and in likely violation of the airport's ground transportation regulations. Enterprise is concerned that these companies will eat into their market share of rentals at airports and thus result in airports seeing a reduction in fees they collect from rental car companies operating on airport property.

MAAE worked previously on a similar issue when Lyft and Uber wanted to operate on airport property without complying with any type of ground transportation agreement with airports or any payment to the airport like other ground transportation companies.

If members are aware of any companies operating at airports in violation of ground transportation agreements please notify MAAE leadership.

Aviation Funding

MAAE continues to work on a long-term funding solution for airports. In January, the Legislative Director for the House Speaker indicated the Speaker still supports finding a long-term road funding solution that would include removal of sales tax at the pump. The Legislative Director affirmed it remains the position of the Speaker's Office that should an agreement be

made to remove sales tax at the pump for motor fuel the same principle should be applied to aviation fuel.

Use and Sales Tax Exemptions for Certain Aviation Equipment

Representatives Kahle and Byrd have reintroduced two bills that would amend the Use Tax Act and General Sales Tax Act to provide use and sales tax exemptions for parts or materials affixed or to be affixed to all aircraft, except for shop equipment and fuel.

The bills would reduce sales and use tax revenue by approximately \$4.0 million per year, based on estimates from the Michigan Department of Treasury. How the impact would be split between sales tax revenue and use tax revenue is unknown. Approximately 73.3% of sales tax revenue is directed to the School Aid Fund, while constitutional revenue sharing to local units receives 10%, and the remainder is directed to the General Fund.

The legislation is supported by the Aerospace Services and Products, Inc., AOPA, Pentastar Aviation, Wayne County Airport Authority, Northern Jet Management, Delta Airlines and the Michigan Chamber of Commerce. The legislation was opposed by the Michigan Department of Treasury and school groups. Governor Snyder voted these bills in 2018. It is unknown what the position of the current administration is although it is assumed Governor Whitmer would not be supportive due to the loss of revenue in other areas.

PFAS Clean up Liability

The MAAE continues to monitor any legislation that would place an undue burden on airports on costs associated with the clean up of PFAS on airport or adjacent property. The MAAE is participating in a group of industries that are monitoring the legislation carefully to ensure legislation will not place an undue burden on any specific industry.

State Construction Code Changes

Legislation was introduced in late January that would require public facilities—including airports—to install an adult-sized changing tables in public restrooms when renovating a building or structure if a permit is required or if the project has an estimated cost exceeding \$10,000. MAAE's lobbyist is scheduled to meet with the bill sponsor in February on the intent of the legislation regarding its applicability to airport projects. MAAE's lobbyist met with the Legislative Director for the Speaker of the House and indicated the bill is unlikely to move forward.