



MEMORANDUM

To: Cheryl Bush
From: Matt Solak
Date: March 2024
Re: MAAE Monthly Legislative Report

March remains slow but April will likely bring more Legislative Activity

The special general election to fill the seats vacated by former state Reps. Kevin Coleman, D-Westland, and Lori Stone, D-Warren will be held in April. Both districts lean heavily Democratic and that will mean the House Democratic caucus will be back up to its full strength of 56 members the third week in April. Currently, any legislative measures that are considered in the House needs to have a soft prerequisite of bipartisan support. This means March continued to be an extremely slow month of activity. In fact, the legislature essentially added a third week to the traditional two-week spring/Easter break.

Committees Begin Budget Work

Governor Whitmer recently proposed a \$80.7 billion budget for Fiscal Year (FY) 2025, which comes in 1.2 percent lower than the record-setting \$81.66 billion FY 2024 budget and was called a “return to normal” by State Budget Director Jen Flood.

Both House and Senate Appropriations Sub-committees have begun holding hearings on the proposed budget from State Departments, Fiscal Agencies, and interest groups.

Of interest to the MAAE, is a proposal that increase the aircraft registration fees to **10 cents a pound** of either maximum gross weight or maximum takeoff weight, whichever is greater. This proposal is to help stabilize funding for the Office of Aeronautics.

Additional funding for the Michigan Air Service Development Program or the Local Airport Revitalization Program were included in the Executive Budget. This was not unexpected as the funding for FY 2024 came from one-time federal funds. MAAE has begun working on getting these items funded for another fiscal year.

Implementation of MAAE FY 2024 Budget Requests

The MAAE targeted the following funding priorities to support airports in Michigan in 2023. The MAAE continues to work on implementation of these budget priorities.

Revitalization of the Michigan Air Service Development Program

\$5 million for Michigan's Air Service Development Program to stimulate economic activity and air service connectivity in Michigan in light of recent elimination of air service across Michigan.

Local Airport Revitalization Program

\$2.0 million for funding for MDOT Aeronautics to provide airport development assistance to general aviation airports. This would be a one-time general fund contribution of \$2 million to provide capital development assistance to general aviation airports for projects including obstruction removal, pavement rehabilitation, fuel facility construction and terminal improvements.

Retrofitting Aircraft Rescue and Fire Fighting Equipment

\$2 million to establish a grant program within EGLE to assist in cleaning Aircraft Rescue and Fire Fighting Equipment and disposing of PFAS contaminated equipment used at airports to expedite the transition to fluorine-free foam for all Michigan Airports.

SB 22 Airport Firearm Changes

On December 29, Governor Whitmer signed SB 22 creating Public Act 219 of 2023.

The legislation was introduced in response to Jim Linderman, Emmet County Prosecutor, expressing the need to update the statute reference because he is unable to prosecute individuals who are found to be carrying firearms in airport sterile areas, airport sterile areas being the parts of airports beyond the pre-boarding security screening area.

Changes to the Aeronautics Code

The MAAE has been working with the Aeronautics Department on technical changes that are needed in the State Aeronautics Code. MAAE will continue to work with State Aeronautics on the development of this legislation.

HB 4618

Legislation was introduced at the end of May that would allow regional airport authorities to be included in the definition of a "local unit of government" in the Publicly Funded Health Insurance Contribution Act for the purpose of allowing their boards to exempt themselves from contribution limits to an employee's medical benefits plan.

On June 13, 2024 the House Committee on Economic Development and Small Business held a hearing on the legislation. The bill remains on the House floor waiting for a full vote. Once voted on the bill will be sent to the Senate for action.

Sales and Use Tax Exemptions

In May, two Republican lawmakers introduced HB 4610 and HB 4611 that would exempt sales and use tax on the purchase of certain aviation equipment. This legislation is similar to legislation that has been introduced in previous sessions.

Last fall, a Democratic member introduced HB 4898 and HB 4899 introduced a similar sales and use tax exemption legislation. No hearing has been scheduled on any of the bills but MAAE will monitor..

SB 447

At the end of June, Senator Sam Singh (D-East Lansing) introduced legislation providing an income tax rebate for the development and use of sustainable aviation fuel (SAF). The bill would allow businesses to claim a credit against their income tax liability in an amount equal to \$1.00 per gallon of sustainable aviation fuel purchased in this state during the tax year by a business for use as fuel for flights departing in Michigan.

A hearing was held on this legislation right before the legislature left for spring break. Delta Airlines testified in support of the bill. A few other business trade associations indicated support for the bill. The MAAE is monitoring this legislation.

Peer-to-peer Carsharing Legislation

Last session, there was action on bipartisan legislation to regulate peer-to-peer carsharing service companies in Michigan. Enterprise Holdings and the MAAE testified in support of the legislation while Turo testified opposed to the legislation.

There was no legislative activity on this issue in 2023. The MAAE continues to monitor the issue.