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Joint Legislative Budget Hearing
2019-2020 Department of Transportation Capital Program
Jeremy P. Martelle, C.M., ACE, ASC, NYAMA Past President

Thank you, Chairperson Krueger, Chairperson Weinstein and members of the Senate and Assembly Fiscal Committees. I am Jeremy P. Martelle, Past President of the New York Aviation Management Association (NYAMA). NYAMA appreciates this opportunity to provide input on the 2019-2020 Executive Budget as it relates to airports and the aviation industry in New York.

NYAMA represents over 13,000 members and affiliate members, 120 commercial service and general aviation airports, fixed based operators, consultants, engineers and other aviation industries and professionals who believe that serious economic development efforts at the state and regional level necessitates strong public investment in our aviation assets and facilities.

Airports are economic engines fueling growth in the communities they serve. According to data from the New York State Department of Transportation (NYSDOT) and updated figures from the Port Authority of NY-NJ, the aviation industry contributes over \$72 billion in annual economic activity in New York State and more than 500,000 NY based jobs in aviation or aviation-related industries. Aviation generates \$25 billion in payroll and well over \$6 billion in state and local tax revenue annually.

The implementation of Governor Cuomo's comprehensive project to modernize and revitalize LaGuardia, John F. Kennedy International, Stewart International and Republic Airports is well underway— bringing these domestic and international transportation hubs up to 21st Century standards for service, access and amenities. NYAMA applauds this consequential investment in these downstate airports.

In the 2016-2017 State Budget, after years of minimal funding levels and in some years zero dollars, airports got a significant funding jolt from the Upstate Airport Economic Development and Revitalization Competition initiative and enhancements to the Aviation Capital Grant Program. This state funding injection was a tremendous success and resulted in the expected jump in private sector investments at airports. This effort allowed for many critical maintenance and modernization needs to be met at several of our smaller and medium-size airports throughout the state.

The Governor recognized the benefits airports have not only for travelers but for the surrounding communities and the state's tourism assets as well. Airports are the gateways to well over 50 million travelers visiting our state each year. Our member airports actively

engage passengers to promote opportunities to explore the natural, commercial and historic features of our regions. The Upstate Airport Competition has made an incredible impact on the passenger experience and positive responses on the part of visitors who pass through these gateway airports.

To build off the success of the airport initiative and drive travel through these airports, the Governor is proposing a new promotional campaign to showcase regional attractions and destinations. The campaign will highlight tourism assets as well as the ease of travel through the newly modernized airports and transportation hubs. NYAMA member airports are excited to engage with the state in even more ways to benefit the state and the communities that host airports.

Continued Public Investment Needed for New York Airports

It is obvious that a strong and steady commitment to state infrastructure investment in airports is helping to power this aviation-led economic engine for the benefit of New York's citizens even in the face of stiff competition from other states.

Awards recipients under the Upstate Airport Competition supported transformative projects at Greater Rochester International, Plattsburgh International, Elmira Corning Regional and Syracuse Hancock International, Albany International and Ithaca Tompkins airports totaling the full \$190 million appropriated for the initiative. These grant dollars, leveraged with tens of millions of dollars in private sector investments, are being used for terminal expansion and modernization, cargo receiving and distribution centers, new retail and concession options, general aviation customs facilities and much more that will improve the overall passenger experience at these airports. In addition, grants have funded projects that enhance safety, improve operations and access, reduce environmental impacts and provide significant employment opportunities in these regions.

ROUND II OF THE UPSTATE AIRPORT ECONOMIC DEVELOPMENT AND REVITALIZATION COMPETITION

NYAMA cannot stress enough how capital funding through the Upstate Airport Competition that you approved in the 2016-2017 State Budget has succeeded in updating and transforming these gateways to our communities.

As we have seen, the six airports that were the beneficiaries of the allocation of \$190 million from the Competition developed, designed and executed transformative projects that are having a tremendous impact on the quality of aviation services at these facilities. We are sure you will agree that, based on the significant economic development and job-creating results and enhanced community benefits, this innovative public-private partnership approach to meeting the capital needs of the state's airports is more than fiscally justified. However, there are about 30 airports in the state that were also eligible for this program but not awarded funding. This left out many airports and communities that would likewise benefit from state investments, particularly to position them to attract scheduled commercial or charter service in many underserved areas of the state.

To build on this program's success, we are requesting your support for adding to the Governor's budget, a second round of funding for this program. NYAMA is urging that the Legislature work with the Governor to re-fund this signature airport revitalization competition.

RESTORE AND ENHANCE AVIATION CAPITAL GRANT PROGRAM FUNDING

The 2018-2019 enacted State Budget includes \$12.5 million for the Aviation Capital Grant Program. This is a reduction of \$10 million from the program levels of the previous two years of \$22.5 million. Unfortunately, the Executive Budget appropriation for the grant program is again at the lower \$12.5 million level.

Based on the analysis of FAA-approved documents such as Airport Capital Improvement Plans, Airport Master Plans and Airport Layout Plans, the NYSDOT has estimated that the state will need \$4.3 billion to support its aviation goals for the 20-year period between 2010 and 2030—an average of \$215 million per year. Since 2010, the actual enacted annual allocations for the Airport Capital Grant Program have fallen far short of this target.

Consequently, NYAMA determines that the appropriate level of funding for the State Aviation Capital Grant program to be \$40 million annually. For the 2016-2017 Program, the latest year awards were made, NYSDOT received a total of \$48 million in funding requests by 71 airports for critical projects; of this number, only 29 airports were awarded a total of \$20.5 million under the State Aviation Capital Grant Program. This reveals the sizable gap between what is required for airport development projects and what is ultimately available through the state budget. As a result of the \$10 million cut last year and as again proposed in the Executive Budget this year, NYAMA expects a similar demonstration of unmet need for the next two rounds of funding.

We also know that the number of applications submitted under the Aviation Capital Grant Program is artificially low. Many airports cannot devote scarce resources to design and engineer projects and go through the expense of the application process if there is little chance that they will be awarded due to the lack of significant program funding.

This Aviation Grant Program helps to grow general aviation as well. New York has a significant interest in the continued vitality of general aviation and availability of scheduled commercial service at community airports. Business aviation is a critical tool for companies in New York to conduct business, improve operational efficiency, save money, and open opportunities for areas not served by commercial aviation. The success of business aviation will encourage new opportunities and continued investment by companies as well as bringing much needed jobs to all areas of the State.

NYAMA is seeking the \$40M appropriation for the Aviation Capital Grant Program in the final 2019-2020 budget; but at minimum a restoration to the previous level to \$22.5M. This funding level is necessary to meet the critical modernization and business development needs of many airport communities that were unable to take advantage of, or were not eligible for, funding under other aviation programs.

Conclusion

NYAMA and its members support your efforts to ensure that the State pursues policies that are pro-growth and pro job creation. Strong state investment in our airports is one of these winning strategies. NYAMA looks forward to continuing to work with you individually and through the 130-member New York Legislative Aviation Caucus to assure that this significant infrastructure funding reaches airports that establish the need for support, enhances aviation business development, creates new and permanent jobs and improves the state's economy.

In this way, New York can continue to effectively compete with surrounding states for business aviation and scheduled commercial service for the benefit of all New York's citizens.

Thank you.

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