



**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT**

**Item No.
5**

Meeting Date: DECEMBER 1, 2011

Subject:

December 2011 Legislative Report and 2012 Legislative Agenda

Recommendation:

Adopt Resolution No. 2011-0142, approving the December 2011 Legislative Report and the 2012 Legislative Agenda.

Background/Justification:

The Legislative Advocacy Program Policy adopted by the Board on November 10, 2003, requires Authority staff to present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. This policy also requires the Board to adopt a legislative agenda which to serve as the foundation for the Authority's legislative advocacy program.

The December 2011 Legislative Report updates Board members on legislative activities that have taken place during the month of November. The Authority Board can give direction to staff on legislative issues contained in the attached Legislative Report (Attachment A). The 2012 Legislative Agenda (Attachment B) includes general legislative guidelines and specific goals the Authority's legislative team recommends the Board approve for the upcoming year. Following Board approval, staff will work with the Authority's legislative consultants to closely monitor and implement Board direction in the policy areas included in the 2012 Legislative Agenda.

State Legislative Action

The Authority's legislative team is not recommending that the Board adopt any new positions on State legislation this month.

California officials have announced that state revenues for the first four months of the fiscal year are between \$1.3 billion and \$1.5 billion less than forecasted during the adoption of the 2011-2012 budget. If this shortfall continues, mid-year reductions to higher education, social service and public safety programs are expected.

The Legislature is scheduled to reconvene on January 4, 2012.

Federal Legislative Action

The Authority's legislative team recommends that the Board adopt a Support position on H.R. 2112, legislation providing annual funding for the Department of Transportation, Federal Aviation Administration, and other federal agencies.

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Authority staff also recommends that the Board adopt a Watch position on H.R. 3116, legislation that would authorize Department of Homeland Security programs.

On November 14th, the California Airports Council, of which the Airport Authority is a member, sent a letter to the Joint Select Committee on Deficit Reduction requesting that the Committee consider easing the federal regulation of the Passenger Facility Charge as a means of reducing the federal deficit.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Equal Opportunity Program:

Not applicable.

Prepared by:

MICHAEL KULIS
DIRECTOR, INTER-GOVERNMENTAL RELATIONS

RESOLUTION NO. 2011-0142

**A RESOLUTION OF THE BOARD OF THE SAN
DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
APPROVING THE DECEMBER 2011 LEGISLATIVE
REPORT AND THE 2012 LEGISLATIVE AGENDA**

WHEREAS, the Authority operates San Diego International Airport as well as plans for necessary improvements to the regional air transportation system in San Diego County, including serving as the responsible agency for airport land use planning within the County; and

WHEREAS, the Authority has a responsibility to promote public policies consistent with the Authority's mandates and objectives; and

WHEREAS, Authority staff works locally and coordinates with legislative advocates in Sacramento and Washington, D.C. to identify and pursue legislative opportunities in defense and support of initiatives and programs of interest to the Authority; and

WHEREAS, under the Authority's Legislative Advocacy Program Policy, the Authority Board gives direction to Authority staff on pending legislation; and

WHEREAS, the Authority Board in directing staff may adopt positions on legislation that has been determined to have a potential impact on the Authority's operations and functions:

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the December 2011 Legislative Report (Attachment A) and the 2012 Legislative Agenda (Attachment B); and

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority finds that this Board action is not a "project" as defined by the California Environmental Quality Act (CEQA), Pub. Res. Code §21065; and is not a "development" as defined by the California Coastal Act, Pub. Res. Code §30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 1st day of December, 2011 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

**TONY RUSSELL
DIRECTOR CORPORATE SERVICES/
AUTHORITY CLERK**

APPROVED AS TO FORM:

**BRETON K. LOBNER
GENERAL COUNSEL**

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December 2011 Legislative Report

Federal Legislation

Legislation/Topic

H.R. 2469 (Cohen) - End Discriminatory State Taxes for Automobile Renters Act of 2011

Background/Summary

This bill would prohibit most state and local governments from imposing taxes on the rental of motor vehicles.

Anticipated Impact/Discussion

Because the bill exempts federally assisted airports from the proposed tax prohibition if a concession fee is involved, there would be no direct impact to SDIA or the Authority.

Status: 7/8/11 – Introduced and referred to the House Committee on the Judiciary

Position: Watch (8/4/11)

Legislation/Topic

H.R. 1691 (Richardson) - Prevention of Unreasonable Fees Act

Background/Summary

This bill would prohibit the operator of a “transportation terminal” (e.g. airport) from charging fees to providers of limousine and other prearranged ground transportation, unless the fee is pre-approved by the U.S. Secretary of Transportation. Under this bill, transportation terminal operators would be limited to the collection of fees charged to the general public for access to, or use of, the terminal, and for the availability of ancillary facilities. Transportation terminal operators would still be allowed to require vehicles for hire to use, and pay for, segregated parking facilities if the fee is the same as that charged to the public. The bill would also allow the state or its political subdivisions to require a license or fee (other than a prohibited transportation terminal fee) for a motor vehicle providing certain other prearranged ground transportation.

Anticipated Impact/Discussion

According to the author’s staff, this bill was introduced to prevent excessive fees such as those collected for repeated circling and registration for limited use of

airport facilities. San Francisco International Airport was specifically identified as an example by the author.

Status: 5/3/11 – Introduced and referred to the House Committee on Transportation and Infrastructure

Position: Oppose (7/7/11)

Legislation/Topic

H.R. 1801 (Cravaack) - Risk-Based Security Screening for Members of the Armed Forces Act

Background/Summary

This bill requires the Transportation Security Administration (TSA) to develop and implement a policy that expedites service members and their families through security screening at airports when they are travelling on official orders. This bill requires that the policy be introduced within six months following the enactment of the bill.

Anticipated Impact/Discussion

Although the method that TSA would use to expedite services members through security is unclear, this legislation could require modifications to passenger screening checkpoints at SDIA.

Status: 9/21/11 – Approved by the House Committee on Homeland Security by voice vote

Position: Watch (6/2/11)

Legislation/Topic

H.R. 1474/S. 785 (Duncan/Thune) - Freedom from Government Competition Act of 2011

Background/Summary

This bill requires that any government entity receiving federal funds contract out all federally-funded work – except in cases of national defense/homeland security and where there is no private source - to the private sector. This bill would require airports to contract with a private fixed base operator (FBO) to provide services at their airport.

This legislation was initiated on behalf of the National Air Transport Association in an effort to prevent airports from serving as Fixed Base Operators. It is opposed by Airports Council International-North America (ACI-NA), and the American Association of Airport Executives (AAAE).

Anticipated Impact/Discussion

Although the Authority currently uses a private company for SDIA's FBO, this bill would mandate that the airport contract with a private FBO in the future, eliminating our option to provide our own FBO services, should the Authority choose to do so.

Status: 4/12/11- H.R. 1474 - Introduced and referred to the House Committee on Oversight Reform
4/12/11 – S. 785 - Introduced and referred to the Senate Committee on Homeland Security and Government Affairs

Position: Oppose (6/2/11)

Legislation/Topic

H.R. 1586 (King) - Expanding Airport Security Screening Opt-Out Programs

Background/Summary

The bill would authorize the Secretary of Homeland Security to approve applications submitted by airports for private screening programs if such applications have not been acted on by the TSA within 120 days of receipt. The Secretary must approve the application unless it can demonstrate that doing so would hurt the effectiveness of screening or otherwise harm aviation security.

Anticipated Impact/Discussion

This legislation would result in an expedited review of a Screening Partnership Program application should the Authority decide to use this program in the future.

Status: 5/5/11 – Referred to the House Committee on Homeland Security

Position: Watch (5/5/11)

Legislation/Topic

H.R. 386 (Lungren) - Securing Cockpits Against Lasers Act of 2011

Background/Summary

This Act amends the federal criminal code to prohibit the aiming of the beam of a laser pointer at an aircraft or in its flight path, and imposes a fine and/or prison term of up to five years for such action.

The following would be exempt from the prohibition:

- Individuals conducting research and development or flight test operations for an aircraft manufacturer or the Federal Aviation Administration

- Department of Defense or Department of Homeland Security personnel conducting research, development, operations, testing or training
- Individuals using a laser emergency signaling device to send a distress signal

Anticipated Impact/Discussion

Although this legislation would have no direct impact to the Authority or SDIA, it could enhance aviation safety by protecting pilots from laser interferences.

Status: 2/28/11 – Approved by the House on a voice vote and referred to the Senate Judiciary Committee

Position: Support (4/7/11)

Legislation/Topic

H.R. 674/S.89 (Herger/Vitter) - IRS Code Amendment, Vendors

Background/Summary

Beginning January 1, 2012, federal, state, and local governments with total expenditures of \$100 million or more will be required to withhold 3 percent from all payments for goods and services to guard against possible business tax evasion.

This bill would amend the Internal Revenue Code by repealing the imposition of the 3 percent withholding of goods and services payments.

Anticipated Impact/Discussion

If not repealed, this requirement could negatively affect construction companies and small businesses, increase the costs of performing public works contracts, and increase taxpayer costs.

Status:

11/10/11 – Approved by the Senate by a vote of 95 to 0

11/16/11 – Approved by the House by a vote of 422 to 0

Position: Support (4/7/11)

Legislation/Topic

H.R. 235 (Brady) - Cut Unsustainable and Top-Heavy Spending Act of 2011

Background/Summary

This bill would eliminate several federal programs including grants to large and medium hub airports under the Airport Improvement Program (AIP). This bill would also rescind any unobligated funds made available for such grants.

Anticipated Impact/Discussion

Because SDIA relies on AIP funding for its capital improvements program, the elimination of this funding could limit the Authority from moving forward on some airport projects.

Status: 1/7/11 – Introduced and referred to thirteen House Committees

Position: Oppose (4/7/11)

Legislation/Topic

S. 223 (Rockefeller)/ H.R. 658 (Mica) - FAA Reauthorization Act

Background/Summary

House Version:

The House approved a four-year FAA Reauthorization Bill with the following provisions:

- Passenger Facility Charge (PFC) cap stays at \$4.50
- Airport Improvement Funding (AIP) cut from \$3.5 to \$3.17 billion in FY 2011 and \$3 billion annually for FY 2012-2014
 - Essential Air Service Program for most communities phased out over three years
- Creates a pilot program allowing up to 5 airports to use PFC revenue for intermodal ground access projects

Senate Version:

The Senate approved a two-year Reauthorization Bill with the following provisions:

- Passenger Facility Charge (PFC) cap stays at \$4.50, but pilot program introduced for up to 6 airports where airports may impose a PFC without regard to dollar amount limitations if the airport collects the charge directly from passengers, and if approved by the Department of Transportation
- AIP funding at \$4 billion in FY 2010, and \$4.1 billion in FY 2011 (up from current \$3.5 billion)
- Increases minimum amount for discretionary AIP from \$148 million to \$520 million

Status: 2/17/11 – Passed in the Senate by a vote of 87 to 8
4/1/11 – Passed in the House by a vote of 223 to 196

Position: House Version: Watch (3/3/11)
Senate Version: Support (3/3/11)

Legislation/Topic

**H.R. 3011 (Rogers) - Transportation Security Administration
Reauthorization**

Background/Summary

This bill would reauthorize for two years the Transportation Security Administration (TSA) and TSA programs. If approved, this would be the first TSA reauthorization since the creation of the agency. Specifically, this bill would fund the TSA at \$7.8 billion in FY 2012 and at \$7.5 billion in FY 2013. It would also establish a "trusted traveler" program at airports to expedite passengers meeting certain security criteria through security checkpoints.

Anticipated Impact/Discussion

If passed, this legislation would help to ensure that SDIA remains adequately staffed by TSA personnel and could assist in reducing security checkpoint wait times for some passengers.

Status: 9/22/11 - Introduced and referred to the Committee on Homeland Security and the Committee on the Judiciary

Position: Support (10/6/11)

Legislation/Topic

S. 1660 (Reid)/ H.R. 12 (Larson) - The American Jobs Act of 2011

Background/Summary

This legislation proposes spending \$447 billion for the purpose of creating jobs. Specifically, the bill would alter the Internal Revenue Code by reducing employment and unemployment tax rates, providing new tax credits and through other actions. The Senate has proposed funding the proposal with by imposing a surtax on individuals with annual incomes of \$1 million or more.

The bill includes \$50 billion for investment in transportation infrastructure. Of that amount, \$2 billion would go toward airport infrastructure projects. Airport development grants funded through this legislation would not require a local match.

This legislation would also exempt private activity bonds issued by airports in 2011 and 2012 from the alternative minimum tax. In addition, the bill would create a \$10 billion for a National Infrastructure Bank and provide \$1 billion for the Next Generation Air Transportation system.

Anticipated Impact/Discussion

If enacted into law, this legislation could provide new funding for SDIA projects.

Status: 10/5/11 - Introduced in the Senate
9/21/11 – Introduced in House

Position: Watch (11/3/11)

Legislation/Topic

H.R. 2594 (Mica) – European Union Emissions Trading Scheme Prohibition Act of 2011

Background/Summary

This legislation would direct the Department of Transportation to prohibit operators of U.S. civil aircraft from participating in any emissions trading scheme unilaterally established by the European Union. Under the European Union's carbon-emissions trading system, beginning in January 2012, U.S. airlines flying into or out of Europe will either have to reduce their carbon dioxide emissions or pay a fine. The U.S. airline industry is opposed to the program based on their belief that it violates international agreements and infringes on U.S. sovereignty.

Anticipated Impact/Discussion

This legislation is not expected to have any direct impact on SDIA or the Authority.

Status: 10/24/11 – Approved by the House by voice vote and sent to the Senate

Position: Watch (11/3/11)

Legislation/Topic

H.R. 2112 (Kingston) – Fiscal Year 2012 Department of Transportation Appropriations

Background/Summary

This legislation provides FY 2012 funding for various federal agencies including the DOT and the FAA. The bill provides \$3.35 billion for the Airport Improvement Program, which is \$165 million less than the current AIP level, and \$9.64 billion for FAA Operations.

The legislation also includes a temporary extension of funding to December 16, 2011, for federal other agencies and departments, including DHS and TSA. This bill would also require airports to post air passenger rights signs when requested by the Department of Transportation as a condition of receiving AIP funding.

Anticipated Impact/Discussion

Although the \$165 million reduction in AIP funding could potentially affect SDIA's ability to compete for federal funding for airport projects, this bill would provide airports with more clarity on the annual funding level and disbursement of AIP funds.

Status: 11/1/11 – Approved by the Senate by a vote of 69 to 30
6/16/11 – Approved by the House by a vote of 217 to 203

Position: Support

Legislation/Topic

H.R. 3116 (King) – Department of Homeland Security (DHS) Authorization Act for Fiscal Year 2012

Background/Summary

This legislation would authorize the Department of Homeland Security (DHS) and DHS programs. The bill would require an internal review by Customs and Border Patrol (CBP) to ensure there are adequate staffing in each of the 10 international airports in the U.S. with the largest volume of international travelers. H.R. 3116 would also require implementation of the exit component of the U.S. Visitor and Immigrant Status Indicator Technology (US-VISIT) program at airports to ensure that visitors have stayed beyond the time they are allowed to remain in the country.

Anticipated Impact/Discussion

Approval of this bill could help ensure that SDIA continues to have an adequate level of federal security and sufficient CBP staffing for international flight passenger processing.

Status: 10/13/11 – Approved by the House Committee on Homeland Security by a vote of 20 to 12

Position: Watch

**San Diego County Regional Airport Authority
2012 Legislative Agenda**

State Policy/Legislation

Airport Authority Act

The legislation that created the Airport Authority, commonly known as the "Airport Authority Act" has undergone several changes as the agency has evolved. However, as the Airport Authority continues to mature, sections of the Airport Authority Act are now obsolete. In addition, staff has identified technical corrections/minor changes that would improve the Act. Therefore, staff recommends that the Authority seek legislation to make such changes to the Act.

Recommendation: Introduction of an Airport Authority Act technical corrections/clean-up bill in the State Legislature.

AB 32 Implementation

Assembly Bill 32, the "Global Warming Solutions Act of 2006," was signed into law September 27, 2006. Under this law, the State's greenhouse gas (GHG) emissions must be reduced to 1990 levels by 2020. The California Air Resources Board (CARB) approved the AB 32 scoping plan on December 11, 2008, providing an outline for actions to reduce California's GHG emissions. The Scoping Plan requires CARB and other state agencies to adopt regulations and other initiatives reducing GHGs.

A central component of the Scoping Plan was the Cap and Trade regulation. The Cap and Trade regulation puts a price on carbon emissions and was recently finalized by CARB. It will become effective January 1, 2012.

Recommendation: Continue to monitor the implementation of AB 32 for potential impacts to SDIA and identify actions that can be taken to mitigate any such impacts.

High-Speed Rail Prioritization/Alignment

The proposed San Diego to Los Angeles high-speed rail segment is currently in the Phase II stage of planning. The favored alternative for this 167-mile segment includes a stop at the proposed intermodal transit center (ITC) near SDIA.

The California High-Speed Rail Authority released an updated business plan on November 1, 2011. The total project cost is estimated to be \$98 billion. Phase 1 will consist of a 130-mile segment located in the Central Valley. Construction is scheduled to begin in 2012 and will be funded via state and federal sources.

Recommendation: Support efforts to advance the San Diego to Los Angeles segment, working with SANDAG and other local agencies. Continue to monitor any legislation related to the High-Speed Rail Authority.

Protection of Caltrans Aeronautics Funding

The California Department of Transportation, Division of Aeronautics periodically awards grant funding to California airports. The California Airports Council (CAC) is seeking grant funding from the Division of Aeronautics, and plans to partner with them to apply for an FAA grant to fund a comprehensive economic impact report for commercial aviation activity in California.

Recommendation: Continue to work with the CAC to protect this state funding program, and assist the CAC in partnering with the Division of Aeronautics for grant opportunities.

Health Care Reform

All members of the five-member California Health Care Exchange Board have been appointed. The California Health Exchange has begun the process of developing the health care plans that will be available to consumers by the 2014 implementation date. On November 14, 2011, however, the U.S. Supreme Court announced it would hear a challenge to the federal health care reform laws during its 2012 session.

Recommendation: Continue to monitor the implementation of the 2010 federal health care reform laws and any new state health care proposals and analyze their potential impact on the Authority.

Workers Compensation Rates

According to the California Insurance Commissioner, workers compensation insurer costs are 26% more than their revenues. Although the Insurance Commissioner approved only a slight modification to the advisory rate filing on November 4, 2011, it is anticipated that an attempt will be made to increase premiums in the near future.

Recommendation: Monitor and advocate to protect the Authority from any potential cost increases or other detrimental changes to the Workers Compensation system.

Pension Reform

Governor Brown recently unveiled a twelve-point plan to reform the state pension program. His proposal includes the creation of a new hybrid retirement plan for future workers, increasing the retirement age, ending pension holidays and requiring employees to contribute more to their pension benefits. There is also the potential of a November 2012 ballot measure to reform state public employee pensions.

A measure to overhaul pensions for San Diego city government employees has qualified for the June 2012 ballot. The initiative would replace guaranteed pensions

with 401k accounts for new hires except police officers. It would also curb pension payments for all city employees.

Recommendation: Monitor and identify the potential impact of pension reform measures on the Authority and its employees and retirees.

Environmental Process Streamlining

On September 27, 2011, the Governor signed into law AB 900, The Jobs and Economic Improvement Through Environmental Leadership Act. This law provides an expedited judicial review process for "leadership projects" challenged under the California Environmental Quality Act. Leadership projects are projects costing over \$100 million that would not result in any net emissions of green house gasses and that would create both temporary and permanent jobs. To qualify as a leadership project, applicants must gain certification approval from the Governor with concurrence by the Joint Legislative Budget Committee. This streamlined process could benefit the Authority on future airport improvement projects.

Recommendation: Continue to monitor and identify legislative and regulatory proposals to streamline current environmental processes that could benefit the Authority and SDIA.

ALUC Plans

On February 17, 2011, Assemblymember Hueso introduced Assembly Bill 662, legislation that would alter the current state requirements and guidelines for the development of Airport Land Use Compatibility Plans (ALUCPs). Representatives of the Authority, which serves as the Airport Land Use Commission for public airports in San Diego County, participated in discussions on this legislation with representatives of Assemblymember Hueso's office, the military, and other jurisdictions. AB 662 was identified as a two-year bill to allow for additional discussion and consideration of this legislation.

Recommendation: Continue to monitor efforts to amend the current ALUCP process and analyze their potential impacts on SDIA and the ALUC.

Unfunded Mandates

Since its creation as an independent agency, the Authority has borne significant costs resulting from several unfunded state mandates. Staff will identify any proposals for unfunded state mandates that would impact the Authority and determine their potential costs to the agency.

Recommendation: Identify any unfunded mandates and analyze their impact/cost to the Authority/SDIA.

State Grants

Authority staff will continue to work with our legislative consultants, Authority staff, and others to identify and apply for any applicable state grant funding, including grants for security, emergency preparedness, and planning programs.

Recommendation: Continue to identify and pursue available State funding for Authority programs and projects.

Regulatory Restrictions

The Governor vetoed legislation (SB 931) that would have restricted public agencies from hiring outside experts or legal counsel to assist in employee negotiations.

Recommendation: Continue to identify any legislation that would restrict the Authority's ability to hire outside consultants or legal counsel.

State Budget

Through the first four months of Fiscal Year 2011-12, state revenues are between \$1.3 billion and \$1.5 billion less than was anticipated during the passage of the 2011-12 budget. On December 15, 2011, the Department of Finance will use revenue projections to determine whether or not to enact Tier 1 "triggers" to reduce funding for several state programs. If revenues continue to decline, reductions to additional state programs are possible.

Recommendation: Monitor the current budget situation to identify any potential impact to the Authority or SDIA.

Federal Policy/Legislation

Federal Aviation Administration Reauthorization

Both the House and Senate passed multi-year FAA Reauthorization bills in 2011. The current authorization expires January 31, 2012. Final passage of a multi-year reauthorization bill or another extension of current authorizations is expected to be considered by Congress in early 2012.

On November 14, 2011, the California Airports Council wrote to the Joint Select Committee on Deficit Reduction urging them to ease the federal regulation of the Passenger Facility Charge as a means of reducing the federal deficit.

Recommendation: Strongly advocate for passage of a multi-year FAA Reauthorization bill or long-term extension of current authorizations that includes an increase in the current PFC limit, maintains adequate level of Airport Improvement Program funding, and provides SDIA with an opportunity to compete for nonstop service to Washington Reagan National Airport.

Northside Airfield Roadway Improvements

The Authority continues to coordinate with the Marine Corps, City of San Diego, Port District and others to improve the Washington Street intersection and access to the north side of the airfield and the Marine Corps Recruit Depot. Staff continues to pursue the necessary funding to implement the proposed improvements to Washington Street and other northside airfield roadways, including the recent submittal of an application for a Transportation Investment Generating Economic Recovery (TIGER) grant.

Recommendation: Continue to work with all interested parties to identify and obtain funding necessary to implement the proposed northside roadway improvements.

Elimination of Alternative Minimum Tax on Private Activity Bonds

The American Recovery and Reinvestment Act of 2009 provided a two-year alternative minimum tax (AMT) exemption for private activity bonds. The FAA estimates that U.S. airports, including SDIA, issuing private activity bonds during this tax "holiday," will save over \$1 billion over the life of the bonds. Airport advocacy associations continue to advocate for an extension to the current AMT exemption, which expired at the end of 2010.

The Future of Aviation Advisory Committee created by U.S. Transportation Secretary LaHood advocated in 2011 for an extension to the AMT exemption. Additionally on August 22, 2011, the California Legislature approved Assembly Joint Resolution 3, expressing the Legislature's desire for Congress to extend the Alternative Minimum Tax holiday.

Recommendation: Support efforts to extend the current Alternative Minimum Tax exemption for airport private activity bonds.

Surface Transportation Reauthorization Bill

Passage of a Surface Transportation Reauthorization Bill is expected to be a major priority for Congress in 2012. The bill may provide opportunities for the Authority to obtain funding for SDIA projects as well other local transportation projects that could benefit SDIA. Staff will work with the Authority's legislative consultants and local transportation agencies to include categories and funding opportunities in this bill that could benefit SDIA.

Recommendation: Monitor and advocate for funding in the Surface Transportation Reauthorization Bill that could benefit SDIA.

Intermodal Transit Center Funding

Following a year-long airport planning effort involving several elected and appointed San Diego leaders, a concept for an Intermodal Transit Center (ITC) connecting SDIA to other regional transit modes was agreed upon. SANDAG has begun the planning for the ITC in coordination with Authority staff, who are planning a consolidated rental car facility that will connect to the ITC. Additional coordination will be necessary as this project moves forward. The Authority is supporting the efforts of SANDAG in identifying and obtaining funding necessary to build the ITC project.

Recommendation: Continue to coordinate with SANDAG and assist in identifying and advocating for funding necessary to advance the Intermodal Transit Center.

Health Care

Authority staff will continue to monitor both the implementation as well as any proposed legislation to reverse or amend the 2010 health care reform laws and identify any potential impact to the Authority. On November 14, 2011, the U.S. Supreme Court announced it would hear a challenge to the federal health care law during its 2012 session.

Recommendation: Monitor implementation and any proposed changes to the 2010 health care reform laws and identify proposals that might impact the Authority.

Education Program Tax Exempt Reimbursement Level

Section 127 of the U.S. tax code allows an employee to exclude from income up to \$5,250 per year in employer-provided tuition assistance for undergraduate and graduate-level courses. Without Congressional action, this provision will expire at the end of the year. The Authority currently provides up to \$5,000 per year tuition reimbursement to employees, who could be adversely impacted should the current exemption be allowed to expire.

Recommendation: Advocate to extend, or make permanent, the current employer-provided tuition assistance exemption.

Federal Grants

The Authority was awarded a Voluntary Airport Low Emission (VALE) Grant for \$2 million to install preconditioned air units that aircraft will utilize to reduce the amount of time they need to run their engines, providing fuel savings and emissions reductions.

Authority staff will continue to work with our legislative consultants, Authority staff, and others to identify and apply for any applicable federal grant funding, including Airport Improvement Program (AIP), Quieter Home Program (QHP), VALE Program, Transportation Investment Generating Economic Recovery (TIGER), Homeland Security, stimulus/infrastructure, and planning funding.

Recommendation: Continue to identify and pursue available Federal funding for SDIA programs and projects.

Quieter Home Program

The FAA is considering clarifying the requirements for homeowner eligibility to participate in federally-funded residential sound insulation programs. Airport advocacy associations are in discussions with the FAA in an attempt to ensure that any changes to the program do not impact the current eligibility of homeowners to have their homes sound attenuated under this program.

Recommendation: Monitor and advocate in coordination with airport advocacy associations to protect the FAA's current standards for eligibility and SDIA's Quieter Home Program.