



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.

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Meeting Date: **JANUARY 6, 2011**

Subject:

January 2011 Legislative Report

Recommendation:

Adopt Resolution No. 2011-0001, approving the January 2011 Legislative Report

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. The January 2011 Legislative Report updates Board members on legislative activities that have taken place during the month of December. The Authority Board can give direction to staff on legislative issues contained in the attached Legislative Report (Attachment A).

State Legislative Action

On December 6th Governor Schwarzenegger declared a fiscal emergency, and called on the legislature during their special session to address California's budget deficit. Although the Governor presented a package that cut more than \$9 billion from the budget, the Legislature decided to wait until January to take action to address the budget deficit.

The Legislature reconvened and Governor Jerry Brown was sworn in on January 3rd.

Federal Legislative Action

On December 8th, Congress extended FAA programs and taxes through September 2011.

Authority staff will continue to support efforts by the American Association of Airport Executives and Airports Council International-North America to obtain passage of a multi-year FAA Reauthorization Bill in the next Legislative session.

Additionally, Authority staff will also continue to support efforts of these organizations urging Congress to extend the Alternative Minimum Tax (AMT) relief for airport private activity bonds expiring December 31, 2010.

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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. 2011-0001

**A RESOLUTION OF THE BOARD OF THE SAN
DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
APPROVING THE JANUARY 2011 LEGISLATIVE
REPORT**

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; and

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the January 2011 Legislative Report (Attachment A).

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of January, 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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January 2011 Legislative Report

Federal Legislation

Legislation/Topic

H.R.1586/S.1451 (Rangel) - FAA Reauthorization Act of 2009

Background/Summary

This legislation would authorize funding for the Federal Aviation Administration and its programs through 2012. Both the House and Senate bills would authorize \$16.2 billion in Airport Improvement Program funding over this four-year period. H.R. 1586 would increase the Passenger Facility Charge limit to \$7.00.

Anticipated Impact/Discussion

Passage of this bill will provide SDIA with the continued ability to obtain AIP funding to finance airport improvement projects. Increasing the PFC cap from \$4.50 to \$7.00 is expected to generate an additional \$1 billion in additional annual revenue for airport projects nationwide. Such an increase could benefit SDIA by providing an opportunity for the Authority to obtain additional funding for airport projects.

Status: 3/25/10 – H.R. 1586 - Approved by the House by a vote of 276 to 145
3/22/10 – S. 1457 - Approved by the Senate by a vote of 93 to 0

Position: Support (3/5/09)

Legislation/Topic

S.36 (McCain) - Repealing Perimeter Rule for Ronald Reagan Washington National Airport

Background/Summary

Federal law restricts the departure or arrival of nonstop flights to or from airports that are farther than 1,250 miles from Ronald Reagan Washington National Airport (DCA). The original purpose of this "perimeter rule" (adopted in 1966) was to promote Washington Dulles International Airport as the "long haul" airport serving the Washington, D.C. area while employing DCA as the "short haul" airport for the Washington area.

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Over the years, Congress has granted exceptions to the perimeter rule. There are currently twelve beyond perimeter nonstop flights permitted into DCA (four flights to Denver, three flights to Phoenix, two flights to Seattle, one flight to Las Vegas, one flight to Los Angeles, and one flight to Salt Lake City). S.36 would repeal the perimeter rule, allowing nonstop service to DCA from any other U.S. destination.

Anticipated Impact/Discussion

Research indicates there is significant demand for nonstop service between San Diego and DCA. The elimination of the perimeter rule would allow San Diego to seek nonstop service to DCA.

Status: 1/6/09 - Introduced and referred to the Senate Committee on Commerce, Science, and Transportation

Position: Support (2/5/09)

Legislation/Topic

S.138/H.R.425 (Kerry/Neal) – Repeal of Alternative Minimum Tax (AMT)

Background/Summary

Current federal tax law classifies the majority of bonds that airports use as private activity bonds (PAB). Because PABs are subject to the Alternative Minimum Tax (AMT), airport bond issuers are charged higher interest rates on their borrowing. Also, PABs cannot be advance refunded to take advantage of lower rates in the future. Under this legislation, PABs would no longer be subject to the AMT.

Anticipated Impact/Discussion

This legislation would benefit all airports, including SDIA, by reducing the cost of financing and allowing airports to proceed with infrastructure improvement projects. A similar measure suspending the AMT on PABs issued in 2009 and 2010 was included in the economic stimulus legislation signed into law in 2009.

Status: 1/6/2009 – S. 138 - Introduced and referred to Senate Committee on Finance
1/9/2009 – H.R. 425 - Introduced and referred to the House Ways and Means Committee

Position: Support (2/5/09)

Legislation/Topic

S.213/H.R.624 (Boxer/Thompson) – Airline Passenger Bill of Rights Act

Background/Summary

This bill is similar to U.S. Department of Transportation rules adopted last year to ensure passengers on grounded air carriers have access to necessary services.

The following are the major provisions of this legislation:

- Requires air carriers and airports to develop and submit contingency plans to the Department of Transportation (DOT), outlining the manner in which significantly delayed passengers will be provided access to necessary services
- Requires airlines to provide passengers with food, potable water, comfortable cabin temperature and ventilation and adequate restrooms while a plane is delayed on the ground
- Requires air carriers to offer passengers delayed on the ground for three hours the option of deplaning the aircraft
- Requires air carriers to submit written reports to the DOT for tarmac delays of at least three hours
- Requires airport contingency plans to explain how each airport will provide for the deplanement of passengers, share facilities, and make gates available at the airport following a tarmac delay
- Establishes a consumer complaint hotline for the use of air passengers
- Requires air carriers and airports to include contingency plans on their internet web sites or disseminate the plans by other means

Anticipated Impact/Discussion

Aircraft operating at SDIA rarely experience ground delays of three hours. It is anticipated that if operations at other U.S. airports resulted in an aircraft being delayed at SDIA for three hours, an aircraft needing to return to a gate could be accommodated. In instances where gates were not available to a delayed aircraft, passengers could be transferred from an aircraft using portable stairs since San Diego experiences mild year-round weather conditions.

This legislation has received the support of the California Airports Council of which San Diego International Airport is a member. Department of Transportation Secretary LaHood issued a new rule in December 2009, similar to this legislation.

Status: 1/12/2009 – S.213 - Introduced and referred to Senate Committee on Commerce, Science, and Transportation
1/21/09 - H.R.624 – Introduced and referred to House Committee on Transportation and Infrastructure

Federal Legislation

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Position: Watch (2/5/09)

Legislation/Topic

S.1209/H.R.1941 (Ensign/Mitchell) – Allowing for Additional Flights Beyond the DCA Perimeter Restriction

Background/Summary

Federal law restricts the departure or arrival of nonstop flights to or from airports that are farther than 1,250 miles from Ronald Reagan Washington National Airport (DCA). The original purpose of this "perimeter rule" (adopted in 1966) was to promote Washington Dulles International Airport as the "long haul" airport serving the Washington, D.C. area while employing DCA as the "short haul" airport for the Washington area.

Over the years, Congress has granted exceptions to the perimeter rule. This bill would allow airlines controlling slots at DCA to shift their existing DCA flights to serve airports beyond the perimeter rule.

Anticipated Impact/Discussion

Similar to S. 36 (McCain), this bill would provide an opportunity for SDIA to compete for nonstop service to DCA. All of San Diego's Congressional members have cosponsored this legislation except for Senator Feinstein.

Status: 6/8/09 – S.1209 - Introduced and referred to Senate Committee on Commerce, Science and Transportation.
4/2/09 – H.R.1941 – Introduced and referred to House Committee on Transportation and Infrastructure

Position: Support (7/9/09)

Legislation/Topic

H.R. 3371 (Costello) - The Airline Safety and Pilot Training Improvement Act of 2009

Background/Summary

This bill would require the FAA to establish an air carrier safety and pilot training task force to identify best practices for air carriers and crewmembers. It also requires the DOT to provide an annual report to Congress on National Transportation Safety Board (NTSB) commercial airline recommendations.

This bill would also:

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- Require that airline pilots hold an FAA Airline Transport Pilot license (1,500 minimum flight hours required)
- Establish a comprehensive pre-employment screening of prospective pilots

Create a Pilot Records Database to provide airlines with fast, electronic access to a pilot's comprehensive record

Anticipated Impact/Discussion

This legislation would not have any direct impact on the Authority. The new safety measures included in this bill were incorporated into the final House version of H.R. 1586, the multi-year FAA Reauthorization bill.

Status: 10/14/09 – Approved by the House by a vote of 409 - 11 and referred to the Senate Committee on Commerce, Science, and Transportation

Position: Watch (9/3/09)

Legislation/Topic

S. 1261 (Akaka) - Providing for Additional Security in States (PASS) Identification Act of 2009

Background/Summary

This bill would prohibit federal agencies, including the TSA, from accepting state-issued driver's licenses and personal identification cards unless they meet the minimum standards established by this legislation. This bill would also prohibit individuals from being denied entry on a commercial aircraft solely because of failure to present a driver's license or identification card issued pursuant to this Act.

This bill also directs the Secretary of Homeland Security to: 1) enter into the appropriate aviation security screening database information on persons who have been convicted of using a false driver's license at an airport; and 2) establish a state-to-state one driver, one license demonstration program.

Anticipated Impact/Discussion

Although this bill may impact the operations of both TSA and the airlines operating at SDIA, there is no direct impact on the Authority.

Status: 11/19/09 – Approved by Senate Committee on Homeland Security and Governmental Affairs

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Position: Watch (9/3/09)

Legislation/Topic
Health Care Reform

Background/Summary

On March 23, 2010, the President signed into law H.R. 3590, comprehensive health care reform legislation. Major provisions include:

- Establishes a mandate for most residents of the United States to obtain health insurance
- Sets up insurance exchanges through which certain individuals and families could receive federal subsidies to substantially reduce the cost of purchasing coverage
- Significantly expands eligibility for Medicaid
- Substantially reduces the growth of Medicare's payment rates for most services
- Imposes an excise tax on insurance plans with relatively high premiums
- Makes various changes to the federal tax code, Medicare, Medicaid, and other programs

On March 30th, the President signed into law H.R. 4872, the Health Care and Education Reconciliation Act of 2010 (the "Reconciliation Act"). The Reconciliation Act amends the Patient Protection and Affordable Care Act. Although certain provisions of this legislation become effective in 2010, others will not take effect until as late as 2018.

Anticipated Impact/Discussion

The Airport Authority currently offers its employees health care coverage. Staff continues to work with health care providers and others as the implementation of the new laws move forward. Provisions in the new legislation will:

- Delay the effective date of a new tax on premium plans from 2013 to 2018 and increase annual limits for coverage
- Extend dependent coverage to a participant's adult child until such child turns 26 years of age
- Prohibit insurers from imposing lifetime limits on benefits
- Require all group and individual plans to cover preventative care services and in-network emergency services
- Delay the effective date on limit on flexible spending account contributions to \$2,500 until taxable years beginning after December 31, 2012 (Authority's current limit is \$5,000).

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Status: 3/23/10 – H.R. 3590 - Signed into law by the President
3/25/10 - H.R. 4872 – Signed into law by the President

Position: Watch (11/5/09)

Legislation/Topic

S. 1733/H.R. 2454 (Kerry/Waxman) – Clean Energy Jobs and American Power Act

Background/Summary

The legislation proposes a twenty percent cut in greenhouse gas emissions by 2020. The bill would also require transportation entities emitting more than 25,000 tons of greenhouse gas emissions per year to be subject to a “cap-and-trade” system. In addition, aircraft may be required to follow new greenhouse gas emission standards developed by the Environmental Protection Agency (EPA).

Anticipated Impact/Discussion

The Airport Authority has entered into a memorandum of understanding with the California Attorney General to reduce greenhouse gasses attributed to operations at SDIA. It is unclear how this legislation, if passed, would correlate with emissions reduction efforts at SDIA.

Status: 6/26/09 – H.R. 2454 – Passed by House on a vote of 219 to 212
11/5/09 – S. 1733 - Placed on Senate Legislative Calendar

Position: Watch (12/3/09)

Legislation/Topic

H.R. 3711/S.1741 (Nadler/Gillibrand) – Green Taxis Act of 2009

Background/Summary

The legislation would allow a state or political subdivision of a state to regulate fuel economy and emissions standards for taxicabs and other vehicles. New standards would be applied to vehicles that:

- Are capable of transporting a maximum of ten individuals, including the driver
- Are commercially available or are designed and manufactured under a contract with a state or political subdivision
- Are operated for hire pursuant to an operating or regulatory license, permit, or other authorization issued by a State or political subdivision
- Provide local transportation for a fare determined on the basis of the time or distance traveled or a combination of time and distance traveled; and
- Do not exclusively provide transportation to and from airports

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Status: 10/1/09 – H.R. 3711 – Introduced and referred to the House Committee on Energy and Commerce
10/1/09 – S.1741 Introduced and referred to Senate Committee on Commerce, Science, and Transportation

Position: Watch (12/3/09)

Legislation/Topic

H.R. 4459 (Wolf) – Establishment of a Ten-Year Term of Office for the TSA Administrator

Background/Summary

This legislation was introduced following U.S. aviation security threats occurring in December 2009. Since the Transportation Security Administration's (TSA's) creation following the 9/11 terrorist attacks, TSA has had six administrators, averaging terms of 1.5 years. Passage of this bill would result in future TSA Administrator appointments mirroring the FBI director's ten-year position.

Anticipated Impact/Discussion

Although this legislation would have no direct impact on SDIA, it is expected to provide a more stable environment at the TSA Administrator level.

Status: 1/13/10– Introduced and referred to the House Committee on Homeland Security

Position: Watch (2/4/10)

Legislation/Topic

S.2940 (Lautenberg) – Increase in Airport Security Act

Background/Summary

This bill would increase the use of security cameras at airport security screening checkpoints and exits, and impose increased penalties on individuals who circumvent security screening at airports.

Anticipated Impact/Discussion

The Authority and TSA recently completed the installation of security cameras at all SDIA security checkpoints and exit lanes. The TSA has independent monitor and replay capability, however, the Authority controls recordings and distribution of recorded video. The TSA performs daily operational checks to ensure that the

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equipment is working, and the Authority is responsible for the maintenance of the entire security camera system.

Although it appears that SDIA is currently meeting the proposed requirements of the bill, the final language in the legislation could require some changes and/or modifications to the current system.

Status: 1/ 20/10 – Introduced and referred to the Senate Committee on Commerce, Science and Transportation

Position: Watch (2/4/10)

Legislation/Topic

H.R. 1835/S.1408 (Boren/Menendez) - Alternative Energy Investments and Job Creation Act

Background/Summary

Amends the Internal Revenue Code to:

- Allow an excise tax credit through 2027 for alternative fuels and fuel mixtures involving compressed or liquefied natural gas
- Allow an income tax credit through 2027 for alternative fuel motor vehicles powered by compressed or liquefied natural gas
- Modify the tax credit percentage for alternative fuel vehicles fueled by natural gas or liquefied natural gas
- Allow a new tax credit for the production of vehicles fueled by natural gas or liquefied natural gas
- Extend through 2027 the tax credit for alternative fuel vehicle refueling property expenditures for refueling property relating to compressed or liquefied natural gas and allow an increased credit for such property

This bill requires 50% of all new vehicles purchased or placed in service by the U.S. government by December 31, 2014, to be capable of operating on compressed or liquefied natural gas.

It also authorizes the Secretary of Energy to make grants to manufacturers of light and heavy duty natural gas vehicles for the development of engines that reduce emissions, improve performance and efficiency, and lower cost.

Anticipated Impact/Discussion

Passage of this legislation could benefit SDIA and its partners when purchases of alternative fuel and alternative fuel vehicles occur. It could also lead to an increase in the availability of alternative fuel vehicles employed at airports.

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Status: 4/1/09 – H.R.1835 - Referred to the House Committees on Ways and Means, Oversight and Government Reform, and Science and Technology
7/8/09 – S.1408 – Referred to Senate Committee on Finance

Position: Watch (3/4/10)

Legislation/Topic

H.R. 4849 (Levin) - The Small Business and Infrastructure Jobs Tax Act of 2010

Background/Summary

This bill would provide a variety of tax incentives to small businesses and extend and expand certain other tax incentives and bond programs. The legislation would also limit the ability of U.S. subsidiaries of foreign corporations to benefit from U.S. tax treaties.

Anticipated Impact/Discussion

Of interest to the Authority, this legislation would extend the Alternation Minimum Tax (AMT) relief for airports for an additional year, and extend the Build America Bonds until 2013. Such action could benefit the Authority in financing airport improvement projects.

Status: 3/24/10 – Approved by the House by a vote of 246 to 178 and referred to the Senate Committee on Finance

Position: Watch (5/6/10)

Legislation/Topic

H.R. 4994 (Lewis) - The Taxpayer Assistance Act of 2010

Background/Summary

This bill removes cellular phones as listed property for purposes of the tax deduction for depreciation.

Anticipated Impact/Discussion

This bill would eliminate the requirement that the Authority maintain detailed cell phone records in order to depreciate the cost of such equipment and expense the cost of telecommunications service.

Status: 4/14/10 – Approved by the House by a vote of 399 to 9 and referred to the Senate Committee on Finance

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Position: Watch (5/6/10)

Legislation/Topic
(Kerry/Lieberman) - The American Power Act

Background/Summary

This bill would establish new greenhouse gas emissions, focusing on the electric utility, transportation, and industry sectors. In relation to aviation-related activities, this legislation would encourage the development of an international framework through the International Civil Aviation Organization to address aircraft emissions.

Anticipated Impact/Discussion

Although it is not anticipated that this legislation will directly impact SDIA, it could lead to new emissions reduction standards for aircraft operating at SDIA.

Status: 5/12/10 – Introduced in the Senate

Position: Watch (7/1/10)

Legislation/Topic
S.3607 (Lautenberg) – Fiscal Year 2011 Department of Homeland Security Appropriations Bill

Background/Summary

This annual appropriations would provide \$43.8 billion in funding for Department of Homeland Security programs and agencies, including the Transportation Security Administration. The bill proposes \$360 million for checkpoint support for the deployment of Advanced Imaging Technology (AIT) equipment at airports. The bill would provide funding necessary to add more than 5,300 TSA personnel to staff the AIT units. The bill also includes \$22.5 million to provide for remote viewing rooms for AIT images. This measure would also provide \$65.4 million to fund terminal modifications necessary to install AIT units. S.3607 would also provide \$605 million in funding for the purchase and installation of Explosives Detection System (EDS) equipment at airports.

Anticipated Impact/Discussion

Passage of this legislation would allow SDIA to compete for federal funding to cover costs associated with the installation of AIT equipment and EDS equipment at the airport during the upcoming fiscal year.

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Status: 7/19/10 – Approved by Senate Appropriations Committee
12/8/10 – Appropriations for the DHS operations and programs
was extended by a continuing resolution through September 2011
at 2010 funding levels

Position: Support

Legislation/Topic

**H.R. 5850/S.3644 (Olver/Murray) – Fiscal Year 2011 Department of
Transportation Appropriations Bill**

Background/Summary

This annual appropriations bill would provide \$9.8 billion for Federal Aviation Administration operations in FY 2011. Both the Senate and the House measures would fund the Airport Improvement Program at \$3.5 billion - the same AIP level as FY 2010 – and prohibit the use of AIP funds for EDS installation projects. Both versions of the bill also prohibit the FAA from requiring airports to provide the FAA free space in airport-owned buildings.

Anticipated Impact/Discussion

Passage of this legislation will provide the funding necessary for continued FAA operations at SDIA and would allow SDIA to compete for AIP funds to finance SDIA projects.

Status: 7/23/10 – S.3644 – Approved by Senate Appropriations
Committee
7/29/10 – H.R.5850 – Approved by House by a vote of 251-167
8/2/10 – H.R. 5850 – Placed on Senate Legislative Calendar
12/8/10 – Appropriations for the FAA operations and programs
was extended by a continuing resolution through September 2011
at 2010 funding levels

Position: Support

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