

AERONAUTICS COMMISSION REPORT FOR 2016

50-2-4. Report to Governor. On or before the thirty-first day of December, in each year, the commission shall make, to the Governor, a full report of its proceedings for the year ending the thirtieth day of June preceding and may submit with the report any recommendations pertaining to the commission's affairs as seem to the commission to be desirable.

1. Commission members and terms (all expire on October 30)

Skip VanDerhule, Chairman, Yankton, term expires 2017
Eric Odenbach, Vice-Chairman, Eureka, term expires 2018
Dave Luers , Pierre, term expires 2019
Christopher Funk, Volga, term expires 2018
Travis Lantis, Spearfish, term expires 2019
Dan Noteboom, Corsics, term expires 2018
Arnie Hauge, Sioux Falls, term expires 2019

2. Staffing of the Office of Aeronautics (no vacancies at this time)

Program Manager and secretary (1/3 each to aeronautics), two engineers, a project technician and a program assistant.

3. Number of airports

There are currently 69 public use airports in the State (6 commercial services with the remainder being general aviation).

4. Number of registered aircraft over last five years and the registration fees collected in the same time period

- a. Please see Attachment #1. The “registration fee” is due yearly based on the size and age of an aircraft. This law is outdated with the average registration being less than \$35, and a relatively large percentage of aircraft registered for \$12.50 per year.
- b. The “Tax Payment” is an original registration tax based on the purchase price of the aircraft. This is 4% on all aircraft except agriculture related which is 3%. The great variation from year to year is caused by the high value of some aircraft. For example the original registration of just one \$20,000,000 dollar jet would provide \$800,000 in tax.
- c. The number of registered aircraft has increased for the last five years. There was a significant increase (9.4%) between 2013 & 2014.

5. Aviation fuels used in the last five years and the tax received in the same time period

	<u>AV Gas</u>	<u>Jet Fuel</u>	<u>Total</u>	<u>Fuel Collections</u>	<u>Tax on Aircraft</u>	<u>Total</u>
FY2012	1,144,570.00	16,620,410.00	17,764,980.00	\$767,631	\$774,998	\$1,542,629
FY2013	1,171,553.00	16,607,131.00	17,778,684.00	\$737,928	\$1,630,462	\$2,368,391
FY2014	1,016,967.00	14,924,629.00	15,941,596.00	\$715,358	\$1,019,578	\$1,734,936
FY2015	1,082,901.00	16,447,910.00	17,530,811.00	\$729,541	\$1,259,876	\$1,989,417
FY2016	1,020,672.00	16,674,895.00	17,695,567.00	\$722,590	\$470,199	\$1,192,789

Federal funds received in the last five years.

FY2012-\$26,704,910

FY2013-\$31,812,519

FY2014-\$19,831,306

FY2015-\$20,432,294

FY2016-\$38,322,243

6. List of Airport Improvement Program (AIP) projects in FY17 is in draft form and will likely change. See attachment #2.

7. Airport inspections. Each non-commercial airport is inspected by DOT each year, with further compliance inspections conducted as needed. The commercial service airports are inspected by the FAA Certification Inspectors.

8. Aeronautics Trust Fund

See Attachment #3 for the Aeronautics trust fund report.

9. Legislation

a. This issue has been discussed for legislation the past three years, but no action has been taken. "Fees" were not addressed in the Title 50 re-write in 2014. The two main sources of revenue to the aeronautics trust fund in South Dakota are tax on aviation fuel and original registration (sales) tax on aircraft. We want these two taxes to both produce adequate revenue yet stay competitive with other states. For example, we want aircraft fueled in South Dakota, and we want aircraft to be registered in the State. We cannot price ourselves out of the market. Yearly aircraft registration and dealer fees are severely outdated in law. For example, a large percentage of aircraft in the State are registered for \$12.50. It costs more to provide the decal. Because of the relatively small number of aircraft, we could double the fees and collect another \$50,000 in revenue. It is not a large generator of revenue, so on the other hand why cause grief by raising the fees excessively.

10. Status of airport directory and aeronautical chart

a. Every two years, the Commission has authorized the development and publication of two pilot resources; the Airport Directory and the South Dakota Aeronautical

Chart. These were distributed in CY 2015 at a total cost of about \$18,000. The Airport Directory is being revised for 2017-2018.

- b. DOT sponsors a yearly “Airport’s Conference” usually in the spring to bring together airport managers, airport sponsors which is usually a municipality, engineering consultants which represent the sponsors in construction projects, and the regulators. The conference is used to educate and discuss issues.

11. Issues

a. UAV’s

Unmanned aerial vehicles (UAV or “drones”) are a rapidly growing industry. The FAA published 14 CFR Part 107 “Small Unmanned Aircraft Systems” in August 2016. The Department is required to register UAVs just as with any other aircraft. Lack of a statewide law governing UAV operations may lead to multiple municipalities enacting their own ordinances, leading to confusion for UAV utility line and roadway inspection and survey operations.

b. Super AWOS

Using the aeronautics trust fund, the State purchased and placed 29 remote weather reporting stations in South Dakota. These reporting stations use equipment called Super AWOS (Automated Weather Observing Stations), and are different from FAA-certified AWOS in that they originally weren’t required to have quarterly inspections by FAA contractors. The FAA originally certified SuperAWOS, but rescinded their certification, which causes problems with using the information by some pilots in some situations. There is a battle between the FAA and the company producing the Super AWOS. Several airports are making plans to use AIP funds to install AWOS-III units, certified by FAA to replace or support the existing Super AWOS.

c. Permitting of towers and other tall structures

One function of the Commission is to permit hazards to air navigation such as towers. The legislature was lobbied and SDCL 50-9-1 was amended in 2014 to include the following language.

Any person or organization, who intends to construct or alter a structure that exceeds two hundred feet above ground level and that is outside the zones described in this section and who has obtained a Federal Aviation Administration determination of no hazard, may provide that determination to the commission prior to the start of construction in lieu of the application and permit required by this chapter.

Although FAA action preempts the State, the FAA has no enforcement authority over tower construction. With the State’s enforcement authority, we worked with the FAA for the safe construction of towers. We have not received one notification per this law to date.

Attachment #1 – Aircraft Registered and Fees Collected

<u>Fee Type</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total Collected Per Fee Type</u>
Registration Fee	\$50,694	\$52,052	\$54,486	\$52,096	\$53,491	\$262,819
Registration Penalty Fee	None Recorded	\$90	\$20	Repealed in 2014 Session	n/a	\$110
Tax Payment	\$696,100	\$1,674,973	\$979,159	\$1,246,421	\$839,052	\$5,435,705
Tax Penalty Payment	None Recorded	\$10,711	\$4,992	\$2,632	\$401	\$18,736
Total Collected Per Year	\$746,794	\$1,737,826	\$1,038,657	\$1,301,149	\$892,944	\$5,717,370

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	
Number of Aircraft Registered	1128	1156	1265	1284	1301	
Percentage increase each year		2.48%	9.43%	1.50%	1.32%	

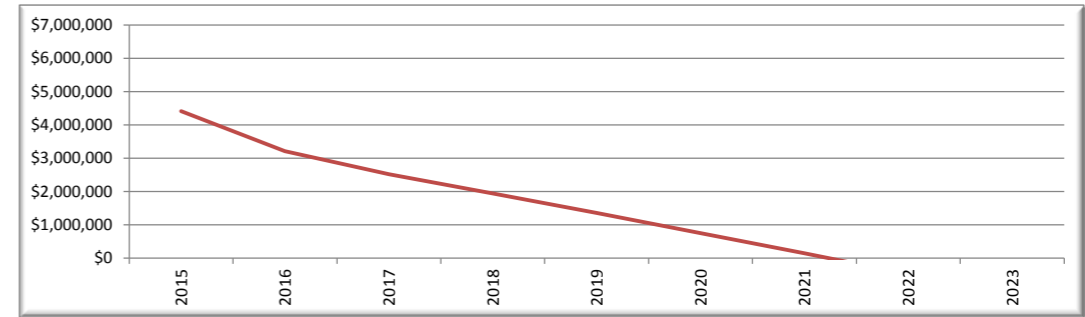
2017 Proposed AIP Projects

Airport	Project Description	Discetionary	SA	Federal Funds (90%)	State Funds (5%)	Total Funds
Aberdeen - 35	SRE equipment purchase; plan ag operation relocation			\$1,000,000	\$55,556	\$1,111,111
Belle Fourche	Pavement maintenance entitlement transfers			\$0	\$0	\$0
Bison 10	SRE tractor			\$270,000	\$15,000	\$300,000
Britton 12	Taxilane construction; hangar (obstruction) relocation; land acquisition		\$21,900	\$621,900	\$34,550	\$691,000
Brookings 29	Construct 17/35	\$750,000		\$1,116,000	\$62,000	\$1,240,000
Buffalo-Harding Co	Pavement maintenance entitlement transfers			\$0	\$0	\$0
Canton 07	Design wildlife fence; mitigate wetland			\$475,200	\$26,400	\$528,000
Chamberlain 09	EA for runway 17-35 realignment			\$135,000	\$7,500	\$150,000
Clark County 10	SRE tractor w/attachments			\$157,500	\$8,750	\$175,000
Custer County 13	Acquire rwy 26 rpz land, Design GA apron reconstruction		\$210,000	\$810,000	\$45,000	\$900,000
Desmet 12	Instrument approach survey			\$108,000	\$6,000	\$120,000
Eagle Butte 08	Design GA apron rehab and expansion			\$58,500	\$3,250	\$65,000
Edgemont	no project			\$0	\$0	\$0
Eureka - 08	Construct hangar taxilane			\$288,000	\$16,000	\$320,000
Faith-09	Master plan/ALP update; exhibit A; AGIS for GPS approaches			\$270,000	\$15,000	\$300,000
Faulkton 10	EA for runway 13-31 realignment and RPZ land purchase, turnaround, connector, MIRL			\$90,000	\$5,000	\$100,000
Flandreau 10	Design runway 10/28 and connector taxiway; Lighting; geotech			\$117,000	\$6,500	\$130,000
Gettysburg	no project			\$0	\$0	\$0
Gregory 14	Construct apron expansion phase II 100x200';		\$26,000	\$328,320	\$18,240	\$364,800
Highmore	No project			\$0	\$0	\$0
Hot Springs	no project			\$0	\$0	\$0
Hoven	Pavement maintenance entitlement transfers			\$0	\$0	\$0
Howard	no project			\$0	\$0	\$0
Huron-35	runway 12/30 shoulder rehab; twy A replacement; remove obst; grade rpz	\$3,500,000		\$3,521,012	\$195,612	\$3,912,236
Lemmon 13	Design runway and taxiway rehabilitation			\$157,500	\$8,750	\$175,000
Madison-14	wetland mitigation (29.44 credits), design south parallel twy w/MITL	\$450,000		\$373,500	\$20,750	\$415,000
Martin - 11	design wildlife fence			\$30,000	\$1,667	\$33,333
McLaughlin 09	Land acquisition for RPZ and departure surface			\$135,000	\$7,500	\$150,000
Milbank 15	Land acquisition of RPZ and departure surface; HWSV & WHMP			\$405,000	\$22,500	\$450,000
Miller	Pavement maintenance entitlement transfers			\$0	\$0	\$0
Mitchell-27	SRE acquisition to replace 1982 Oshkosh		\$8,000	\$157,500	\$8,750	\$175,000
Mobridge 11	Design runway 12/30, MIRL, PAPI and connector reconstruction; turnarounds; RSA grading; SRE equipment; land acq for RPZs			\$350,946	\$19,497	\$389,940
Murdo - 11	Runway 14/32 RPZ land acquisition			\$135,000	\$7,500	\$150,000
Onida	no project			\$0	\$0	\$0
Parkston 12	Land acq for RPZ and design for hangar area expansion (11 acres)			\$144,000	\$8,000	\$160,000
Philip 11	acquiring RPZ land for 12/30 and 5/23			\$67,500	\$3,750	\$75,000
Pierre 37	Jet bridge; design GA twy including ag ops, utility corrodor & drainage			\$585,000	\$32,500	\$650,000
Pine Ridge	no project			\$0	\$0	\$0
Platte	no project			\$0	\$0	\$0
Rapid City 49	Reconst GA apron phase 2; SRE purchase; architecture/eng for terminal baggage expansion			\$2,152,103	\$119,561	\$2,391,225
Redfield 11	Land acquisition (90 acres) for RPZ ; construction of 17/35	\$3,000,000	1000000	\$6,660,000	\$370,000	\$7,400,000
Rosebud 10	SRE tractor acquisition; design/construct AWOS-3			\$427,500	\$23,750	\$475,000
SDDOT - 24	PM, including rejuv and Marking at GA Airports			\$900,000	\$50,000	\$1,000,000
Sioux Falls 51	partial recon rwy 3/21 ends; twy B1 & B3 recon w/rwy 3-21 OFA	\$9,000,000		\$11,340,000	\$630,000	\$12,600,000
Sisseton 13	Design runway 16/34 reconstruction, turnarounds, connector, geotech		\$0	\$540,000	\$30,000	\$600,000
Spearfish-BH 23	EA for crosswind 5-23 and land purchase; SRE truck/plow			\$315,000	\$17,500	\$350,000
Springfield	no project			\$0	\$0	\$0
Sturgis	Pavement maintenance entitlement transfers			\$0	\$0	\$0
Tea	No project			\$0	\$0	\$0
Vermillion 12	Construct apron expansion and PAPI replacement		\$131,000	\$585,000	\$32,500	\$650,000
Wagner	Pavement maintenance entitlement transfers			\$0	\$0	\$0
Wall 07	ALP update and airport master plan			\$247,500	\$13,750	\$275,000
Watertown - 31	ADA access improvements at Terminal building; compliance document			\$96,750	\$5,375	\$107,500
Webster - 09	Construct runway, apron, connector taxiway; land acquisition		\$1,416,626	\$2,835,000	\$157,500	\$3,150,000
Wess Sprgs	no project;			\$0	\$0	\$0
Winner 15	Construct lower apron expansion (305 x 50');		\$70,000	\$418,500	\$23,250	\$465,000
Yankton 27	Phase 2- design apron expansion; remove one; relocate two hangars			\$69,300	\$3,850	\$77,000
	Totals	\$16,700,000	\$2,883,526	\$38,494,031	\$2,138,557	\$42,771,145

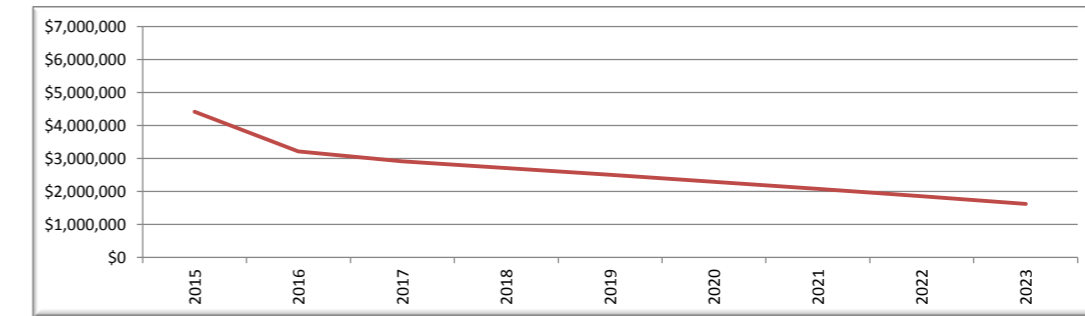
\$2,900,000 Total Federal funds State Funds (5%) Total Funds

Aeronautics Trust Fund Balance Projection 2017-2023

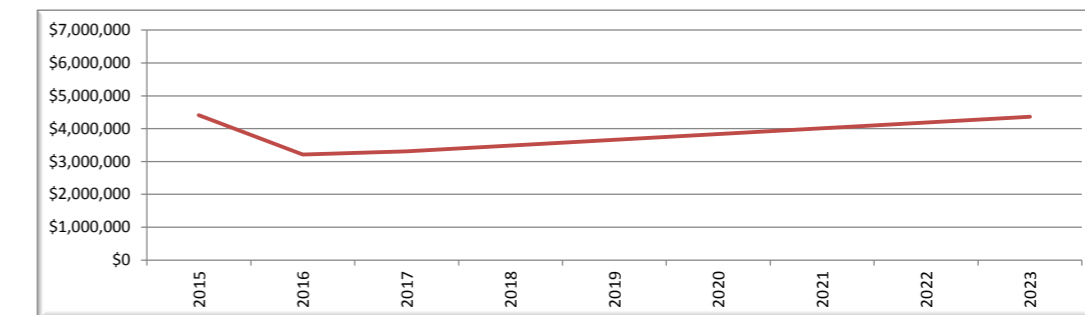
5% State Match (2017-2023)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
EST TOTAL PROJECT (state & fed)	26,761,855	20,305,000	39,612,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000
State Funds Needed for AIP projects	1,338,093	1,015,250	1,980,600	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Projected Aircraft registration	62,632	54,522	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Projected Original Aircraft Tax	1,259,876	805,034	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Projected Av. Fuel Taxes	729,541	709,348	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Projected Interest on Cash Balance	40,532	47,853	70,698	60,277	51,624	42,806	33,818	24,659	15,325
Projected State Fund Expenditures for AIP Projects	-1,338,093	-1,015,250	-1,980,600	-1,850,000	-1,850,000	-1,850,000	-1,850,000	-1,850,000	-1,850,000
Estimated Salaries, benefits, travel	-314,428	-292,516	-294,806	-297,142	-299,525	-301,956	-304,435	-306,964	-309,543
Projected Other 100% State Funded Projects	-100,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000
End of Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Aeronautics Fund Balance	\$4,412,567	3,213,182	\$2,518,473	\$1,941,608	\$1,353,707	\$754,557	\$143,940	-\$478,364	-\$1,112,583
Total State Funds Needed	1,952,521	1,557,766	2,525,406	2,397,142	2,399,525	2,401,956	2,404,435	2,406,964	2,409,543



4% State Match (2017-2023)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
EST TOTAL PROJECT (state & fed)	26,761,855	20,305,000	39,612,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000
State Funds Needed for AIP projects	1,338,093	812,200	1,584,480	1,480,000	1,480,000	1,480,000	1,480,000	1,480,000	1,480,000
Projected Aircraft registration	62,632	54,522	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Projected Original Aircraft Tax	1,259,876	805,034	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Projected Av. Fuel Taxes	729,541	709,348	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Projected Interest on Cash Balance	40,532	47,853	70,698	66,219	63,205	60,110	56,933	53,670	50,321
Projected State Fund Expenditures for AIP Projects	-1,338,093	-812,200	-1,584,480	-1,480,000	-1,480,000	-1,480,000	-1,480,000	-1,480,000	-1,480,000
Estimated Salaries, benefits, travel	-314,428	-292,516	-294,806	-297,142	-299,525	-301,956	-304,435	-306,964	-309,543
Projected Other 100% State Funded Projects	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000
End of Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Aeronautics Fund Balance	\$4,412,567	3,213,182	2,914,593	2,713,670	2,507,350	2,295,504	2,078,002	1,854,708	1,625,486
Total State Funds Needed	1,702,521	1,154,716	1,929,286	1,827,142	1,829,525	1,831,956	1,834,435	1,836,964	1,839,543



3% State Match (2017-2023)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
EST TOTAL PROJECT (state & fed)	26,761,855	20,305,000	39,612,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000
State Funds Needed for AIP projects	1,338,093	609,150	1,188,360	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000
Projected Aircraft registration	62,632	54,522	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Projected Original Aircraft Tax	1,259,876	805,034	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Projected Av. Fuel Taxes	729,541	709,348	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Projected Interest on Cash Balance	40,532	47,853	70,698	72,161	74,786	77,415	80,047	82,681	85,317
Projected State Fund Expenditures for AIP Projects	-1,338,093	-609,150	-1,188,360	-1,110,000	-1,110,000	-1,110,000	-1,110,000	-1,110,000	-1,110,000
Estimated Salaries, benefits, travel	-314,428	-292,516	-294,806	-297,142	-299,525	-301,956	-304,435	-306,964	-309,543
Projected Other 100% State Funded Projects	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000	-50,000
End of Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Aeronautics Fund Balance	\$4,412,567	3,213,182	3,310,713	3,485,732	3,660,992	3,836,451	4,012,063	4,187,781	4,363,554
Total State Funds Needed	1,702,521	951,666	1,533,166	1,457,142	1,459,525	1,461,956	1,464,435	1,466,964	1,469,543



2016 Actual grants and payments from previous open grants
 2017 CIP and estimated payments on open grants
 2018 forward - \$37,000,000 based on previous AIP grant seasons
 The Trust fund balance includes \$500,000 returned from legislature in 2014.