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TO: South Dakota Aeronautics Commission

FROM: Jack Dokken, Office of Aeronautics

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SUBJECT: Commission Policies and Procedures

Attached, please find the 2021 Aeronautics Commission Policies and Procedures document. This document was discussed and adjusted based on the Commission's direction and will be used as guidance by the Commission when making decisions on state funding for airport grant projects.

As airport grant programs and funding sources evolve, this document should be updated to reflect the goals and common decisions of the Commission. Having these policies and procedures in writing will help airports understand what state funding they can typically expect on a project, which will help them plan financially.

The state recommends Commission approval to finalize this document and update the Commission Handbook.

SOUTH DAKOTA AERONAUTICS COMMISSION
POLICIES & PROCEDURES FOR USE OF STATE FUNDS
LAST REVISED **May 20, 2021**

The following policies and procedures are adopted by the Commission to govern the usage of the State aeronautics fund.

A. Preconditions for AIP Project Approvals by the Commission

1. Political subdivisions must demonstrate a need for the project.
2. The airport must be included in the State Aviation System Plan.
3. The proposed development must be shown on an approved airport layout plan, or the Commission may conduct a special review to assure the proposed development is consistent with the statewide aviation system plan.
4. Construction projects will be in accordance with FAA specifications and design standards.
5. Project sponsors will have the requisite amount of local matching funds available prior to Commission approval.

B. Categories of AIP Funded Projects Eligible for State Aeronautics Fund (Not in Priority Order)

1. Land acquisition for runways and runway extensions.
2. Runway and taxiway construction, reconstruction, strengthening or pavement maintenance treatments.
3. General Aviation (GA) and air carrier apron construction.
4. Runway and taxiway lighting, obstruction lighting, and navaid lighting.
5. Certified weather reporting equipment.
6. Obstruction removal will be a Commission priority when the obstruction is in violation of Federal Aviation Regulations, Part 77, or when the obstruction exists on the approach surfaces of an airport layout plan.
7. Security and wildlife fencing.
8. Snow removal equipment and storage buildings.

9. Portions of a terminal building, dedicated to public use and non-revenue producing, may be funded by the Aeronautics Commission. Three limitations apply:
 - i. On projects funded by State and Local only, the Commission will review on a case by case basis to determine state funding participation.
 - ii. On projects involving Federal/State/Local funding, State aid will be limited to the current match set by the Commission.
 - iii. State aid will be limited to a maximum of \$200,000 for each commercial service airport project.
10. Generally, revenue producing projects including, but not limited to; terminal buildings, fuel systems, hangars and parking lots are not eligible for AIP funding. The Commission will review these projects on a case by case basis to determine the level of state funding participation.

C. Criteria Utilized in Determining State Funding for Non-AIP Projects

1. The State/Local project construction of minimum airport facilities, to comply with basic service/small GA airport requirements or State Licensing Standards, is eligible for 75% State participation. The maximum amounts available under this project will be \$75,000 State funds for any one airport.
2. Preventive maintenance projects on GA airports are eligible for 50% State participation.

D. Operational Procedures for State Funding

1. State funding for a federally participating project may be approved by the Aeronautics Commission. The grant increase shall be limited to the same percentage increase as the federal grant increase. If, for some reason, the federal share increase cannot be obtained or is partially funded, the State increase may be limited to the same percentage. No State increase will be allowed until all costs have been incurred and the project is ready for closeout. State grant increase will be approved by the Aeronautics Commission. All other state financial assistance agreements are not eligible for a grant increase unless approved by the Aeronautics Commission.
2. Political subdivisions may use locally allocated State fuel tax funds to match State participation on approved projects.

E. Aviation Fuel Tax Allocation Formula

1. The six cents per gallon tax on AvGas is allocated as follows:

| <u>Amount</u> | <u>Recipient</u> |
|---------------|---|
| \$0.025 | State Aeronautics Fund |
| \$0.0027 | Wholesaler Allowance for Shrinkage |
| \$0.0323 | Allocated to the Airport from which the Fuel was Sold |

2. The four cents per gallon tax on Jet Fuel is allocated as follows:

| <u>Amount</u> | <u>Recipient</u> |
|---------------|---|
| \$0.02775 | State Aeronautics Fund |
| \$0.0005 | Wholesaler Allowance for Shrinkage |
| \$0.01175 | Allocated to Air Carrier Airports based on Number of Airline Departures this is Separately Calculated for Each Commercial Airline. In case of non-airline jet fuel sales, the \$0.01175 is allocated to the airport where the fuel was purchased. |

The fuel excise tax rates for taxes imposed pursuant to South Dakota Codified Law (SDCL) Ch. 10-47B are detailed in SDCL 10-47B-4.