



Department of Transportation
Division of Secretariat
Office of Air, Rail & Transit
700 East Broadway Avenue
Pierre, South Dakota 57501-2586
OFFICE: 605/773-3574
FAX: 605/773-2804

TO: South Dakota Aeronautics Commission
FROM: Jack Dokken, Office of Aeronautics
DATE: April 7, 2021
SUBJECT: Commission Policies and Procedures

Attached, you will find the 2017 Aeronautics Commission *Policies and Procedures* document. This document has been 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 coincide with the goals and common decisions of the Commission. Having these policies and procedures in writing will help airports understand what funding they can typically expect on a project, which will help them plan financially.

The Department has drafted an updated document, and requests the Commission to discuss, make changes where necessary, and approve a new *Policies and Procedures* document for the Commission Handbook.

SOUTH DAKOTA AERONAUTICS COMMISSION
POLICIES & PROCEDURES FOR USE OF STATE FUNDS
LAST REVISED ~~April 1, 2021~~ JUNE 21, 2017

The following policies and procedures are adopted by the Commission to govern the ~~usage~~operations of the State's aeronautics ~~fund~~programs.

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 ~~C~~ommission ~~may not~~ conduct a special review to assure ~~that~~ the proposed development is consistent with the statewide aviation system plan. ~~does not adversely affect the airport.~~
4. ~~Minimum lengths for e~~Construction projects shall be in accordance with FAA specifications and design standards~~lengths for Basic General Aviation (GA) airport or, specifications, contained in the State Aviation System Plan.~~
5. Project sponsors shall have the requisite amount of local matching funds available prior to Commission approval.

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

1. Land acquisition for runways and runway extensions.
2. Runway and taxiway construction, reconstruction, strengthening or, pavement maintenance treatments~~porous friction course overlays or chip seals.~~
- ~~3. Access road construction.~~
- ~~4. General Aviation (GA) and air carrier a General Aviation apron construction.~~
- ~~5.3. Air Carrier ramp construction.~~
4. Runway and taxiway lighting, obstruction lighting and P.A.P. Inavaid lighting.
- ~~6.5. Certified weather reporting equipment.~~
- ~~7.6.~~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.

~~8. Incidental items such as eligible fencing, etc. If eligible for FAA funding, the item will generally be eligible for State funding. Security and wildlife fencing.~~

~~7.~~

~~9.8. Snow removal equipment and storage buildings.~~

~~10.1. Revenue Producing Project: Fuel Systems and Hangars owned and operated by the airport sponsor and available to the public. Fuel System and Hangars must be approved for AIP federal funding and state share is limited to (5%) of the total eligible federal project.~~

~~11.9.~~ Portions of a terminal building, dedicated to public use and non-revenue producing, can be funded by the Aeronautics Commission. Four limitations apply:

- i. Revenue producing portions of the project are ineligible for funding.
- ii. On projects funded by State and Local only (No AIP Participation), the Commission will review on a case by case basis to determine state funding participation. State aid will be limited to 50 percent of the eligible items.
- iii. On projects involving Federal/State/Local funding, State aid will be limited to a fifty percent share (50% State/50% Local) of the amount of funds required to match federally funded eligible items. the current match set by the Commission.
- iv. State aid shall be limited to a maximum of \$200,000 for each commercial service airport project.

C. Categories of PProjects Ineligible Ineligible for State Participation Funding

~~1. Revenue Pproducing pProjects: Fuel Systems and Hangars owned and operated by the airport sponsor and available to the public. Fuel System and Hangars must be approved for AIP federal funding and state share is limited to (5%) of the total eligible federal project, such as, but not limited to; fuel systems, hangars and parking lots shall be reviewed on a case by case basis by the Commission to determine state funding participation.~~

~~1. Maintenance buildings.~~

~~2. Revenue producing parking lots.~~

~~3. Other revenue producing sources except for fueling systems installed and hangars constructed within a federal aviation project.~~

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

~~1. General Aviation airport projects no longer are limited to a maximum State participation in federally participating projects.~~

~~2.1.~~ 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/25% Local Matching

~~shares State participation.~~ -The maximum amounts available under this project will be \$75,000 State funds for any one airport.

~~3. Airport runways which meet basic service/small GA airport requirements may be considered for State aid on a 75% State/25% Local matching share, provided that federal assistance will not be available to the project in the time frame of a five year construction plan.~~

~~4.2. Preventive maintenance projects on General Aviation GA airports are eligible for 50% State funding participation (50% State/50% Local) matching share.~~

~~5.1. Financial assistance agreements authorizing State funds in a federally participating project shall 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 limited funded, the State increase shall be limited to the same percentage. No State increase shall be allowed until all costs have been incurred and the project is ready for closeout. State grant increase shall 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.~~

~~6.1. Political subdivisions can use allocated State fuel tax funds to match State aid and can be used on approved maintenance and safety oriented projects at private airports approved for public use. Private airports approved for public use are rare. This policy could be removed and instead make decisions on a case by case basis.~~

E. Operational Procedures for State Funding

~~State funding for a Financial assistance agreements authorizing State funds in a federally participating project shall 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 limited funded, the State increase shall be limited to the same percentage. No State increase shall be allowed until all costs have been incurred and the project is ready for closeout. State grant increase shall be approved by the Aeronautics Commission.~~

~~1. All other state financial assistance agreements are not eligible for a grant increase unless approved by the Aeronautics Commission.~~

~~2. Political subdivisions can use locally allocated allocated State fuel tax funds to match State aid participation and can be used on approved maintenance and safety oriented projects at private airports approved for public use. Private airports approved for public use are rare. This policy could be removed and instead make decisions on a case by case basis.~~

FE. The Aviation Fuel Tax Allocation Formula Currently Approved by the Commission

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. (SEE NOTE #1).

~~NOTE #1:~~ In case of non-airline jet fuel sales, the \$0.01175 is allocated to the airport where the fuel was purchased.

The breakdown amount within the tax is established by the Commission. The per gallon rate is established by the Department of Revenue per South Dakota Codified Law (SDCL) 10-47B-4.

~~Fuel excise tax rates. The fuel excise tax rates for the tax imposed by this chapter are as follows:~~

- ~~1. Motor fuel (except ethyl alcohol, methyl alcohol, biodiesel, biodiesel blends, and aviation gasoline) as provided pursuant to § 10-47B-4.2;~~
- ~~2. Special fuel (except jet fuel) as provided pursuant to § 10-47B-4.2;~~
- ~~3. Aviation gasoline \$.06 per gallon;~~
- ~~4. Jet fuel \$.04 per gallon;~~
- ~~5. Liquid petroleum gas \$.20 per gallon;~~
- ~~6. Compressed natural gas \$.10 per gallon;~~
- ~~7. Ethyl alcohol and methyl alcohol as provided pursuant to § 10-47B-4.3;~~
- ~~8. Liquid natural gas \$.14 per gallon; and~~
- ~~9. Biodiesel and biodiesel blends as provided pursuant to § 10-47B-4.2, except when the conditions as provided in § 10-47B-4.4 are met.~~

~~Source: SL 1995, ch 71, § 4; 1st SS 1997, ch 1, § 1; SL 1999, ch 59, § 1; SL 2009, ch 55, § 11; SL 2014, ch 64, § 6; SL 2015, ch 165, § 7, eff. Apr. 1, 2015.~~

SOUTH DAKOTA AERONAUTICS COMMISSION
POLICIES & PROCEDURES FOR USE OF STATE FUNDS
LAST REVISED **JUNE 21, 2017**

The following policies and procedures are adopted by the Commission to govern the operations of the State's aeronautics programs.

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 must conduct a special review to assure that the proposed development does not adversely affect the airport.
4. Minimum lengths for construction projects shall be in accordance with design lengths for Basic General Aviation (GA) airport or, specifications contained in the State Aviation System Plan.
5. Project sponsors shall have the requisite amount of local matching funds available prior to Commission approval.

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

1. Land acquisition for runways and runway extensions.
2. Runway and taxiway construction, reconstruction, strengthening, porous friction course overlays or chip seals.
3. Access road construction.
4. General Aviation apron construction.
5. Air Carrier ramp construction.
6. Runway and taxiway lighting, obstruction lighting and P.A.P.I.
7. 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.
8. Incidental items such as eligible fencing, etc. If eligible for FAA funding, the item will generally be eligible for State funding.
9. Revenue Producing Project: Fuel Systems and Hangars owned and operated by the airport sponsor and available to the public. Fuel System and Hangars must be approved for AIP federal funding and state share is limited to (5%) of the total eligible federal project.

10. Portions of a terminal building, dedicated to public use and non-revenue producing, can be funded by the Aeronautics Commission. Four limitations apply:

- i. Revenue producing portions of the project are ineligible for funding.
- ii. On projects funded by State and Local only (No AIP Participation), State aid will be limited to 50 percent of the eligible items.
- iii. On projects involving Federal/State/Local funding, State aid will be limited to a fifty percent share (50% State/50% Local) of the amount of funds required to match federally funded eligible items.
- iv. State aid shall be limited to a maximum of \$200,000 for each commercial service airport project.

C. Categories of Project Ineligible for State Funding

1. Maintenance buildings.
2. Revenue producing parking lots.
3. Other revenue producing sources except for fueling systems installed and hangars constructed within a federal aviation project.

D. Criteria Utilized in Funding Projects

1. General Aviation airport projects no longer are limited to a maximum State participation in federally participating projects.
2. 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/25% Local Matching shares. The maximum amounts available under this project will be \$75,000 State funds for any one airport.
3. Airport runways which meet basic service/small GA airport requirements may be considered for State aid on a 75% State/25% Local matching share, provided that federal assistance will not be available to the project in the time frame of a five year construction plan.
4. Preventive maintenance projects on General Aviation airports are eligible for State funding (50% State/50% Local) matching share.
5. Financial assistance agreements authorizing State funds in a federally participating project shall 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 limited funded, the State increase shall be limited to the same percentage. No State increase shall be allowed until all costs have been incurred and the project is ready for closeout. State grant increase shall 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.

6. Political subdivisions can use allocated State fuel tax funds to match State aid and can be used on approved maintenance and safety oriented projects at private airports approved for public use. **Private airports approved for public use are rare. This policy could be removed and instead make decisions on a case by case basis.**

E. The Aviation Fuel Tax Allocation Formula Currently Approved by the Commission

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. Separately Calculated for Each Commercial Airline (SEE NOTE #1).

NOTE #1: In case of non-airline jet fuel sales, the \$0.01175 is allocated to the airport where the fuel was purchased.

The per gallon rate is established by the Department of Revenue per South Dakota Codified Law (SDCL) 10-47B-4

Fuel excise tax rates. The fuel excise tax rates for the tax imposed by this chapter are as follows:

1. Motor fuel (except ethyl alcohol, methyl alcohol, biodiesel, biodiesel blends, and aviation gasoline) - as provided pursuant to § 10-47B-4.2;
2. Special fuel (except jet fuel) - as provided pursuant to § 10-47B-4.2;
3. Aviation gasoline -\$.06 per gallon;
4. Jet fuel -\$.04 per gallon;
5. Liquid petroleum gas - \$.20 per gallon;
6. Compressed natural gas - \$.10 per gallon;
7. Ethyl alcohol and methyl alcohol - as provided pursuant to § 10-47B-4.3;
8. Liquid natural gas -\$.14 per gallon; and
9. Biodiesel and biodiesel blends - as provided pursuant to § 10-47B-4.2, except when the conditions as provided in § 10-47B - 4.4 are met.

Source: SL 1995, ch 71, § 4; 1st SS 1997, ch 1, § 1; SL 1999, ch 59, § 1; SL 2009, ch 55, § 11; SL 2014, ch 64, § 6; SL 2015, ch 165, § 7, eff. Apr. 1, 2015.