

AERONAUTICS COMMISSION REPORT

CY2021

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.

Commission members and terms (all expire on October 30):

- Eric Odenbach, Chairman, Eureka, term expires 2024
- Kassidy Nelson, Aberdeen, term expires 2022
- Dave Luers, Pierre, term expires 2022
- Christopher Funk, Volga, term expires 2024
- Rolf Johnson, Mina, term expires 2024
- Bob Huggins, Sioux Falls, term expires 2023
- Gerald Rieber, Watertown, term expires 2022

Number of airports:

There are currently 68 public use airports in the State, five have commercial services and the remainder being general aviation.

Number of registered aircraft over the last five years and registration fees collected in the same time period: Attachment A

- The “Registration Fee” is due yearly based on the size and age of an aircraft. The average registration fee is less than \$35, and a relatively large percentage of aircraft are registered for \$27.50 per year. However, there were a considerable number of registration fees between \$100 and \$300 which brought the average registration fee to \$43.85. For further details, please refer to Attachment A.
- 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 aircraft which is set at 3%. The variation that occurs from year to year is caused by the high value of some aircraft. For example, the original registration of just one \$20,000,000 jet would provide \$800,000 in tax.

Aviation fuels used in the last five years and the tax received in the same time period is listed below.

<u>State FY</u>	<u>Gallons of Fuel Sold</u>		<u>Taxes Collected</u>		
	<u>AV Gas</u>	<u>Jet Fuel</u>	<u>Fuel Collections</u>	<u>Aircraft Tax</u>	<u>Total</u>
FY2017	1,039,205	16,543,326	\$763,485	\$1,204,234	\$1,967,719
FY2018	1,777,171	16,884,474	\$777,680	\$1,527,365	\$2,305,045
FY2019	942,364	16,302,367	\$697,145	\$1,736,956	\$2,434,101
FY2020	911,259	17,753,755	\$786,810	\$472,805	\$1,259,615
FY2021	907,517	15,978,973	\$693,610	\$898,262	\$1,591,872

Federal grants received per the federal fiscal year (October 1st – September 30th) for the past five years are listed below:

FY2017 - \$28,595,493

FY2018 - \$24,143,552

FY2019 - \$35,369,027

FY2020 - \$73,522,621 (Includes CARES Act funds)

FY2021 - \$61,684,945 (Includes Covid related grants)

Airport Improvement Program (AIP): Attachment B

See Attachment B for a list of Airport Improvement Program (AIP) projects the State of South Dakota received. This list of projects comprises our 2021 AIP grants and shown is a breakdown of costs based on participation. CARES Act Legislation provides 100% match on eligible project costs in lieu of the normal federally funded AIP project which is 90% federal and 10% local match. Typical eligible projects for AIP work include runway construction, runway maintenance, taxiways, airport aprons, runway lighting, airport fencing, and other infrastructure improvements.

Coronavirus Aid, Relief, and Economic Security Act (CARES):

Signed into law on March 27, 2020, included funds to be awarded as economic relief to airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. South Dakota airports received a total of \$36,226,983.00. These funds must be expended by 9/30/2024 and could be used for operational costs, supply needs related to the pandemic and could be used as the 10% match requirement for the 2020 AIP grant program. Each individual airport sponsor decided where to allocate the funds that were designated to their airport.

Coronavirus Response and Relief Act (CRRSAA):

Signed into law on December 27, 2020, Non-primary commercial service and general aviation airports will receive funding to provide economic relief affected by the COVID-19 pandemic. South Dakota airports received a total of \$10,243,364.00. The FAA is encouraging all airports to spend these funds as quickly as possible. These funds are used for operational costs, along with any supply needs related to the pandemic and are funded with no local cost share requirement.

American Rescue Plan Act (ARPA):

Signed into law on March 11, 2021, included funds to be awarded as economic assistance to airports to prevent, prepare for, and respond to the pandemic. South Dakota airports were allocated \$16,466,090. These funds must be expended by 9/24/2024 and are used for operational costs, along with any supply needs related to the pandemic and are funded with no local cost share requirement.

Airport inspections:

Non-commercial airports are inspected by SDDOT each year, with further compliance inspections conducted as needed. The commercial service airports are inspected by the FAA Certification Inspectors.

South Dakota Airport Conference:

SDDOT sponsors a yearly "Airports Conference" in the spring to educate and communicate with airport managers, airport sponsors, engineering consultants representing the sponsors in construction projects, and FAA personnel. The conference for 2021 was held virtually during the week of March 29 from the SDDOT Commission room. The conference provided a great opportunity to exchange information current and future aviation issues.

Aeronautics Fund Balance: Attachments C and D

The State aeronautics fund receives its revenues from those funds listed above (aircraft registration fees and aircraft fuel taxes) and is used to support airport grants, ongoing aviation related services, and special projects. The funds deposited into the Aeronautics fund are allocated into two distinct uses, one for state aeronautics use and the other for individual airport sponsor use. The airport sponsor allocations are based on set allocations as established by the Aeronautics Commission and then are prorated according to aircraft fuel sold and collected at each eligible airport. Thus, each airport receives funding based on aircraft fuel sales derived from their individual airport which can be used for general aviation purposes.

This past year, the Aeronautics fund received \$4 million of general funds through Senate Bill 64 to supplement the annual revenues. We are very appreciative of Governor Noem requesting the additional funds during the FY2021 Legislative Session and the legislators for enacting the legislation. With the new Bipartisan Infrastructure Law (Infrastructure Investment and Jobs Act) it is unknown at this time if sufficient state funding will be available in the Aeronautics fund to match the federal AIP program in the long term. If SD receives a significant increase in the federal apportionment to the AIP program, this will require more matching funds to be expended sooner, thus depleting the state aeronautics fund faster than the current projection. As more information becomes available these projections will be updated. The AIP program and our ability to adequately fund our state match is critical to air commerce within the State. These projects are key in supporting the many communities, both large and small, that rely on this mode of transportation to serve their citizens and tourists. Our public airports are one of the key drivers that support our state's economy and the ability to fully fund the AIP program will help the Aeronautics Commission continue to promote air commerce throughout the State.

Aviation Education:

For the past few years, the Commission has granted funding to the South Dakota Discovery Center, Civil Air Patrol (CAP), and SDSU, to promote aviation to students in middle and high school. These three organizations have been promoting aviation throughout South Dakota to teach students about aviation, provide opportunities for students to visually see and experience physical aircraft, and provide opportunities to experience SDSU's mobile flight simulator. In FY2018 and FY2020, 1000 USB (flash) drives with educational content were ordered each year. The drives contain information regarding aviation, flight schools, scholarships, aviation careers, etc., and were purchased and provided to middle and high school students at various events.

The Aeronautics Commission also granted Lake Area Technical Institute of Watertown, SD a grant of \$30,000 to update the interior of a donated C-172 aircraft. This update includes installing new avionics and interior improvements. This plane will be part of their new two-year Professional Pilot program. In 2021 opportunities for outreach were limited due to COVID restrictions.

Aircraft registered over the last five years and registration fees collected

<u>Fee Type</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>Total Collected Per Fee Type</u>
Registration Fee	\$52,694	\$54,106	\$51,684	\$53,052	\$55,211	\$266,747
Tax Payment	\$1,184,250	\$1,171,422	\$2,088,134	\$471,005	\$1,220,105	\$6,149,804
Total Collected Per Year	\$1,237,129	\$1,239,830	\$2,139,818	\$524,057	\$1,275,316	\$6,416,650

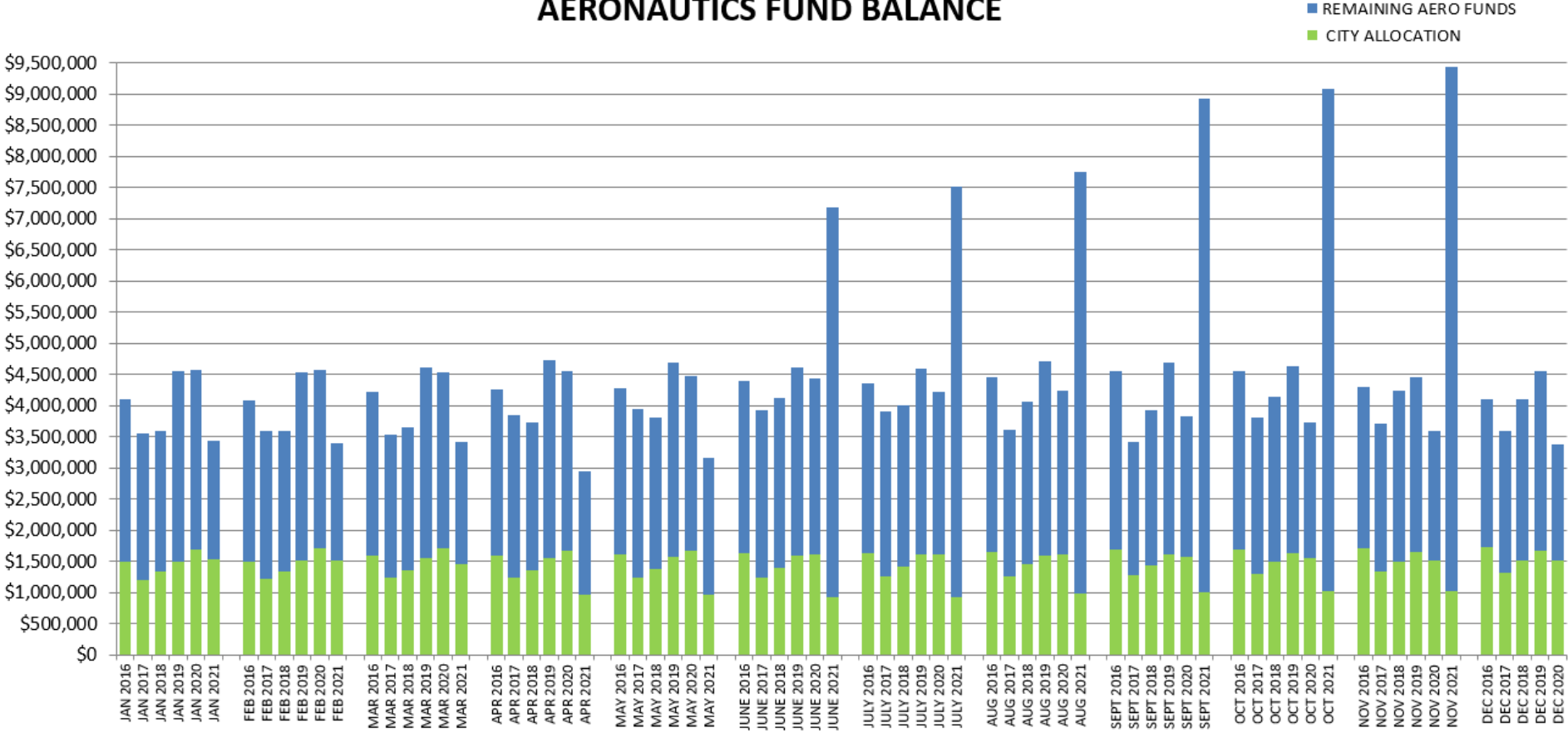
	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
Number of Aircraft Registrations	1209	1211	1247	1259	1387
Percentage increases each year	3.07%	0.17%	2.97%	.95%	10.2%

Figures based upon date of entry (or date payment is received), not when it's reflected in the State's Accounting System.

2021 SD AIP GRANTS

Airport	Project Description	90% Airport Imp. Prog	10% COVID Funds	State Funds	Local Funds	Project Total
Aberdeen - 43	Reconst twy D, D1, B, reconst phase I apron	\$4,500,000	\$500,000	\$0	\$0	\$5,000,000
Aberdeen - 44	SRE blower: deicing truck	\$873,000	\$97,000	\$0	\$0	\$970,000
Bison - 12	Replace beacon, windcone, segmented circle markers - Design	\$54,000	\$6,000	\$0	\$0	\$60,000
Brookings - 34	Stand alone PM; route/seal; seal coat, markings 12/30; Twy A1, A2, A3, A4, C	\$216,580	\$24,064	\$0	\$0	\$240,644
Canton - 11	SRE building/GA terminal; PM	\$77,400	\$8,600	\$0	\$0	\$86,000
Gregory - 18	Runway, connector twy reconstruction to 13 end ROFA	\$2,416,500	\$268,500	\$0	\$0	\$2,685,000
Hot Springs - 15	6 unit T-hangar and taxilane site grading	\$642,497	\$71,389	\$0	\$0	\$713,886
Hoven - 13	Fuel system upgrades for 100LL & card reader; PM	\$299,025	\$33,225	\$0	\$0	\$332,250
Huron - 39	Lighting improvements on 12/30 replace w/LED; upgrade PAPI to LED	\$303,934	\$33,770	\$0	\$0	\$337,704
Lemmon - 16	Design jet A fuel system upgrade	\$63,000	\$7,000	\$0	\$0	\$70,000
Madison - 20	south GA apron expansion	\$1,008,900	\$112,100	\$0	\$0	\$1,121,000
Martin - 16	Design wildlife fence;	\$54,000	\$6,000	\$0	\$0	\$60,000
Milbank - 19	Install AWOS III; Easement acquisition	\$333,000	\$37,000	\$0	\$0	\$370,000
Miller - 12	Design/construct hangar taxilane rehab and expansion	\$668,499	\$74,278	\$0	\$0	\$742,777
Mobridge - 17	Apron rehab; taxilane construction;	\$766,164	\$85,837	\$0	\$6,368	\$858,368
Murdo - 14	Construct 3 unit T-hangar (40' x 42' each)	\$728,300	\$80,922	\$0	\$0	\$809,222
Rapid City - 58	Rehabilitate terminal return road and construct GA aviation access road	\$2,484,000	\$276,000	\$0	\$0	\$2,760,000
Rosebud - 14	Pavement mnt - rehab runway, taxiway, apron; joint seal, crack seal, spall repair	\$162,000	\$18,000	\$0	\$0	\$180,000
Sioux Falls - 57	Twy B rehab; Rwy 15/33 rehab; twys A, A1, A3, A5, M design rehab; realign D; remove	\$3,395,113	\$377,235	\$0	\$0	\$3,772,348
Sisseton - 17	Reimburse for beacon & windcone	\$45,000	\$5,000	\$0	\$0	\$50,000
Sturgis - 019	Design and construct west GA hangar taxilane expansion	\$207,000	\$23,000	\$0	\$0	\$230,000
Tea - 17	Reimburse for land apraisals & acquisition - 22 acres	\$936,000	\$104,000	\$0	\$0	\$1,040,000
Wagner - 17	Design hangar taxilane expansion with geotech exploration	\$58,500	\$6,500	\$0	\$0	\$65,000
Wall - 10	Design Runway 12/30 reconstruction and lengthen; Taxiway connector and MIRL	\$243,000	\$27,000	\$0	\$0	\$270,000
Watertown 37	Construct new terminal building and apron	\$9,000,000	\$0	\$0	\$0	\$9,000,000
Watertown 38	Phase 2 terminal project, SRE building and site work.	\$8,397,383	\$933,043	\$0	\$0	\$9,330,426
Webster - 12	Reimburse approach easement acquisition; const 4 unit T-hangar	\$728,568	\$80,952	\$0	\$0	\$809,520
Wess Sprgs - 13	Design taxiway, apron and hangar taxilane reconst with taxilane expans	\$72,000	\$8,000	\$0	\$0	\$80,000
Winner - 18	Stand alone PM, design/construct 13/31- multiyear	\$288,000	\$32,000	\$0	\$0	\$320,000
Yankton - 33	design for hangar taxilanes and access road.	\$95,797	\$10,644	\$0	\$0	\$106,441
SDDOT - 027	Pavement Maintenance	\$519,752	\$57,750	\$0	\$0	\$577,502
SDDOT - 010	PCI survey for pavement management	\$351,000	\$39,000	\$0	\$0	\$390,000
Totals	Totals	\$39,987,912	\$3,443,809	\$0	\$6,368	\$43,438,088

AERONAUTICS FUND BALANCE

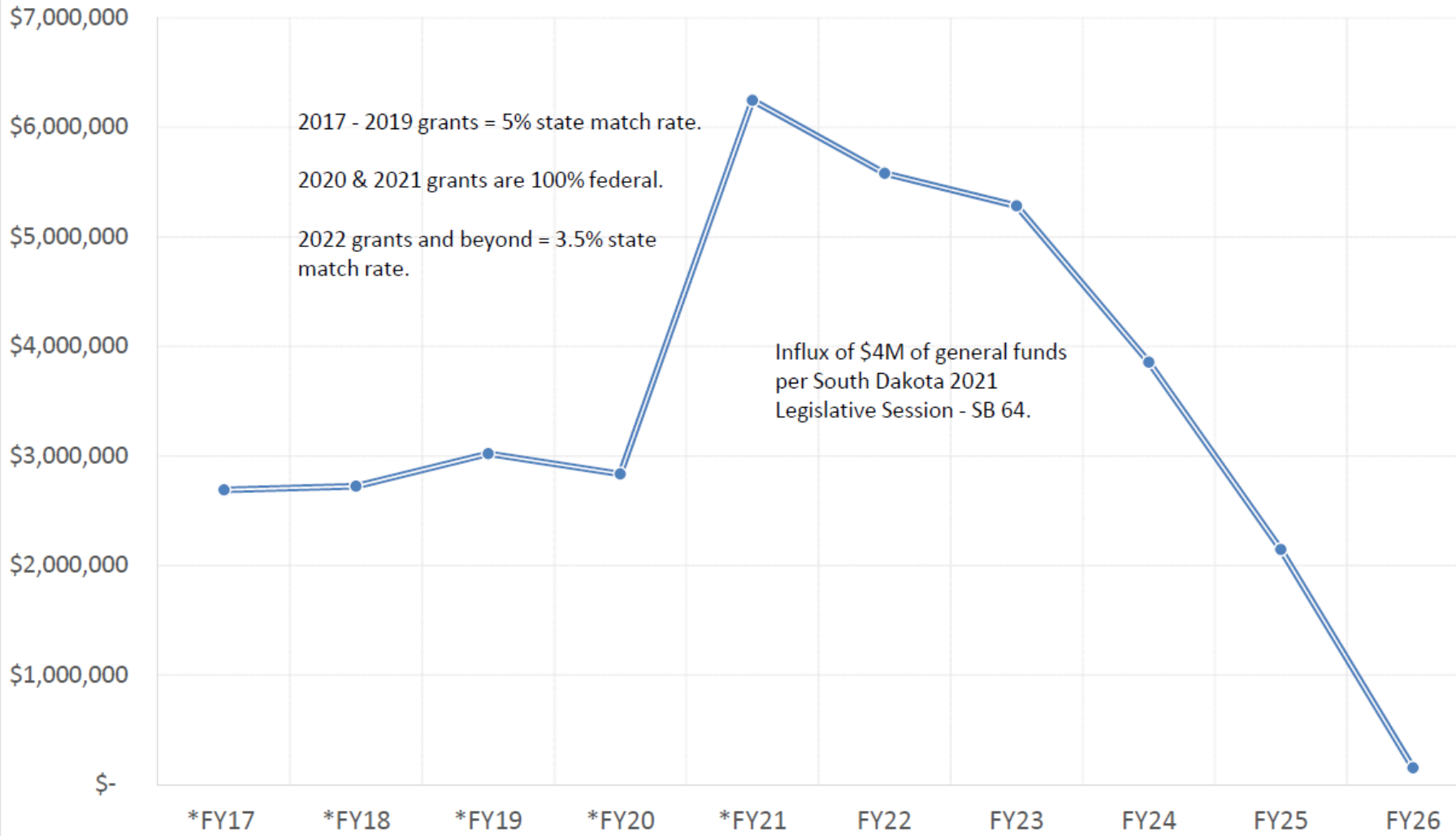


*JUNE, 2021: INCREASE IN AERO FUNDS (\$4.0M) DUE TO SB64 FROM STATE'S GENERAL FUND

*The current balance of the aeronautics fund is overstated by \$1.2 million due to the sale of aircraft per SB64

Updated as of 12/02/21
-Projections do not account for BIL.
(Bipartisan Infrastructure Law)

AERONAUTICS FUND PROJECTIONS EXCLUDING CITY ALLOCATION



* - Actual