

AMENDED IN SENATE MAY 6, 2015  
AMENDED IN SENATE APRIL 23, 2015  
AMENDED IN SENATE APRIL 14, 2015  
AMENDED IN SENATE APRIL 6, 2015

**SENATE BILL**

**No. 747**

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**Introduced by Senator McGuire**  
**(Coauthor: Senator Fuller)**  
(Coauthor: Assembly Member Wood)

February 27, 2015

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An act to add Section 21689 to the Public Utilities Code, and to add Section 7102.1 to the Revenue and Taxation Code, relating to airports, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 747, as amended, McGuire. Airports: financial assistance.

The State Aeronautics Act establishes the Aeronautics Account in the State Transportation Fund, and continuously appropriates the moneys in the account for expenditure for airport purposes by the Division of Aeronautics within the Department of Transportation and the California Transportation Commission.

This bill, *effective December 8, 2017*, would require that the revenues from the imposition of state sales and use taxes, at the rate of 4.1875%, on the sale, storage, use, or other consumption of aviation fuel, as defined, be transferred to the Aeronautics Account for allocation in specified percentages to airports and for aviation-related purposes.

The bill would require the division to allocate 27% of these revenues for grants to be made available for nonhub commercial airports, as defined, with less than 300,000 enplanements annually to attract,

establish, and expand air service through incentives, marketing, passenger studies, route analysis, and the acquisition of consultants, as specified. The bill would also require the division to provide at least 1% of these revenues annually in specified grants for aviation education. By increasing the sources of funding for and expanding the purposes for which money may be used from a continuously appropriated fund, the Aeronautics Account, the bill would make an appropriation.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) The Legislature finds and declares all of the  
2 following:

3 (1) It is the intent of the Legislature to return state sales and use  
4 tax revenue on aviation fuels to the Division of Aeronautics of the  
5 Department of Transportation, as directed by the Federal Aviation  
6 Administration (FAA) in “Policy and Procedures Concerning the  
7 Use of Airport Revenue” (Docket No. FAA–2013–0988) to operate  
8 the California Aid to Airports Program (Chapter 4 (commencing  
9 with Section 4050) of Title 21 of the California Code of  
10 Regulations).

11 (2) The directive of the FAA requires that, by December 8,  
12 2017, all airport revenues, including state sales taxes, shall be used  
13 for aviation-related purposes or for a state aviation program.

14 (3) The intent of this act is to begin the process of transitioning  
15 the state into compliance with the FAA directive by allocating  
16 revenues of state sales and use taxes on aviation fuel to the  
17 Aeronautics Account in order to provide financial assistance to  
18 the state’s airports and state aviation programs.

19 SEC. 2. Section 21689 is added to the Public Utilities Code,  
20 to read:

21 21689. (a) Notwithstanding the provisions of this article, from  
22 the funds deposited into the Aeronautics Account in the State  
23 Transportation Fund pursuant to Section 7102.1 of the Revenue  
24 and Taxation Code, the Division of Aeronautics shall allocate  
25 annually to eligible recipients the following percentages of  
26 available funds for airports and aviation-related purposes:

1 (1) Twelve percent for qualifying general aviation airports, to  
2 be credited to individual airport subaccounts in a manner consistent  
3 with the process established in Section 21682.

4 (2) Forty percent to be divided among large, medium, and small  
5 hub commercial airports and nonhub commercial airports, each as  
6 defined in Section 47102 of Title 49 of the United States Code, in  
7 the following percentages:

8 (A) Twenty-one percent for ~~nonhub~~ *large hub* commercial  
9 airports.

10 (B) Thirty-one percent for ~~small~~ *medium* hub commercial  
11 airports.

12 (C) Fourteen percent for ~~medium~~ *small* hub commercial airports.

13 (D) Thirty-four percent for ~~large hub~~ *nonhub* commercial  
14 airports.

15 (3) Twenty-seven percent for grants to be made available to  
16 nonhub commercial airports with less than 300,000 enplanements  
17 annually to attract, establish, and expand air service through  
18 incentives, marketing, passenger studies, route analysis, and the  
19 acquisition of consultants. Expenditures under this paragraph shall  
20 be consistent with the Federal Register, Volume 64, Number 30,  
21 on February 16, 1999.

22 (4) One percent to provide grants for aviation education that  
23 includes, but is not limited to, programs, projects, or initiatives  
24 that improve or enrich aviation within the California aviation  
25 community. Grants may include, but are not limited to, scholarships  
26 for flight training and aviation-related degrees from accredited  
27 universities. Priority for grants shall be given to underrepresented  
28 students, women, veterans, and persons of low income, as defined  
29 in Section 3413 of the Health and Safety Code.

30 (5) Fifteen percent for other state aviation programs and  
31 aviation-related purposes as authorized pursuant to this article.

32 (6) Not more than 5 percent for the division's administrative  
33 costs. Any unused funds shall be allocated pursuant to paragraphs  
34 (1) to (5), inclusive, on a pro rata basis.

35 (b) Sections 21686 to 21688, inclusive, shall apply to allocations  
36 of funds pursuant to this section.

37 SEC. 3. Section 7102.1 is added to the Revenue and Taxation  
38 Code, to read:

39 7102.1. (a) Notwithstanding Section 7102, revenues in the  
40 fund, less refunds, derived under this part from the imposition of

1 state sales and use taxes pursuant to Sections 6051, 6051.3, 6201,  
2 and 6201.3, at the rate of 4.1875 percent, with respect to the sale,  
3 storage, use, or other consumption of aviation fuel shall be  
4 transferred to the Aeronautics Account in the State Transportation  
5 Fund for allocation to airports and aviation-related purposes in  
6 accordance with Section 21689 of the Public Utilities Code.

7 (b) As used in this section, “aviation fuel” means jet fuel and  
8 aviation gasoline.

9 (c) *This section shall become operative on December 8, 2017.*