

# Memorandum

ITEM 24

To: CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: September 22-23, 2010

Reference No.: 5.1 - **REVISED**  
Information Item

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Subject: **CALIFORNIA AVIATION USER TAXES AND REVENUES**

## **SUMMARY**

At the September California Transportation Commission meeting, the California Department of Transportation (Department) will present the California Aviation System Plan: 2010 General Aviation System Needs Assessment. This book item is intended as an informational preface to the needs assessment as it relates to current aviation revenues.

## **BACKGROUND:**

### **Aeronautics**

Excise taxes on general aviation gasoline and jet fuel are transferred from the Motor Vehicle Fuel Account in the Transportation Tax Fund to the Aeronautics Account. Funding from the account provides for grants to qualifying airports, acquisition and development and the state match for airport improvements funded by federal monies given directly to local agencies. The accumulated balance for this fund is used for programming by the California Transportation Commission as a reserve for economic uncertainties. Funds for 2009-10 were **originally planned to be** distributed as follows:

<b>Aeronautics Account</b>	<b>State Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
State Operations	\$3,705,000	\$435,000	\$4,140,000
Local Assistance	4,000,000	-	4,000,000
Public Transportation Account	30,000	-	30,000
Accumulated Balance	8,952,000	-	8,952,000
<b>Total</b>	<b>\$16,687,000</b>	<b>\$435,000</b>	<b>\$17,122,000</b>

Specifically, the Aeronautics Account is funded from tax revenues that are collected on fuel used for general aviation at the rate of 2 cents per gallon (cpg) for jet fuel and 18 cpg for aviation gasoline. These taxes have historically generated a fairly stable, but declining revenue stream. In general, consumption for aviation gasoline has been declining, while jet fuel consumption has seen mild increases. However, since the excise tax on aviation gasoline is so much higher than the tax on jet fuel, the combined revenue stream has been declining by a historical average of 1.3 percent per year. For the past two years both fuels have experienced major declines in consumption due to the economic downturn, which has significantly impacted resources for the Aeronautics program.

In the 2009-10 fiscal year revenues for jet and general aviation fuels were reduced from \$7.2 million to approximately \$5.1 million, a 30 percent reduction in funds from the historical trend. In addition, the Legislature authorized Assembly Bill 10 of the fourth extraordinary session of 2009-10, which authorized the transfer of \$4 million from the existing Aeronautics account cash balance, and suspended the \$4 million of state match for the Federal Airport Improvement Program grants until to January 2011.

**Local Airport Loan Account**

The Local Airport Loan Account is a subaccount of the Aeronautics Account. Monies deposited in the Local Airport Loan Account represent repayments and interest received on loans made by the Department of Transportation to local agencies for acquisition, construction, improvements, maintenance and operation of local airports. The accumulated balance for this fund is used for future loans to local agencies. Loan repayments for distribution as follows:

<b>Local Airport Loan Account</b>	
Local Assistance	\$1,500,000
Local Assistance (Loan Repayments)	(1,500,000)
Accumulated Balance	4,538,000
<b>Total</b>	<b>\$4,538,000</b>



# Department of Transportation

## California Aviation User Taxes and Revenues

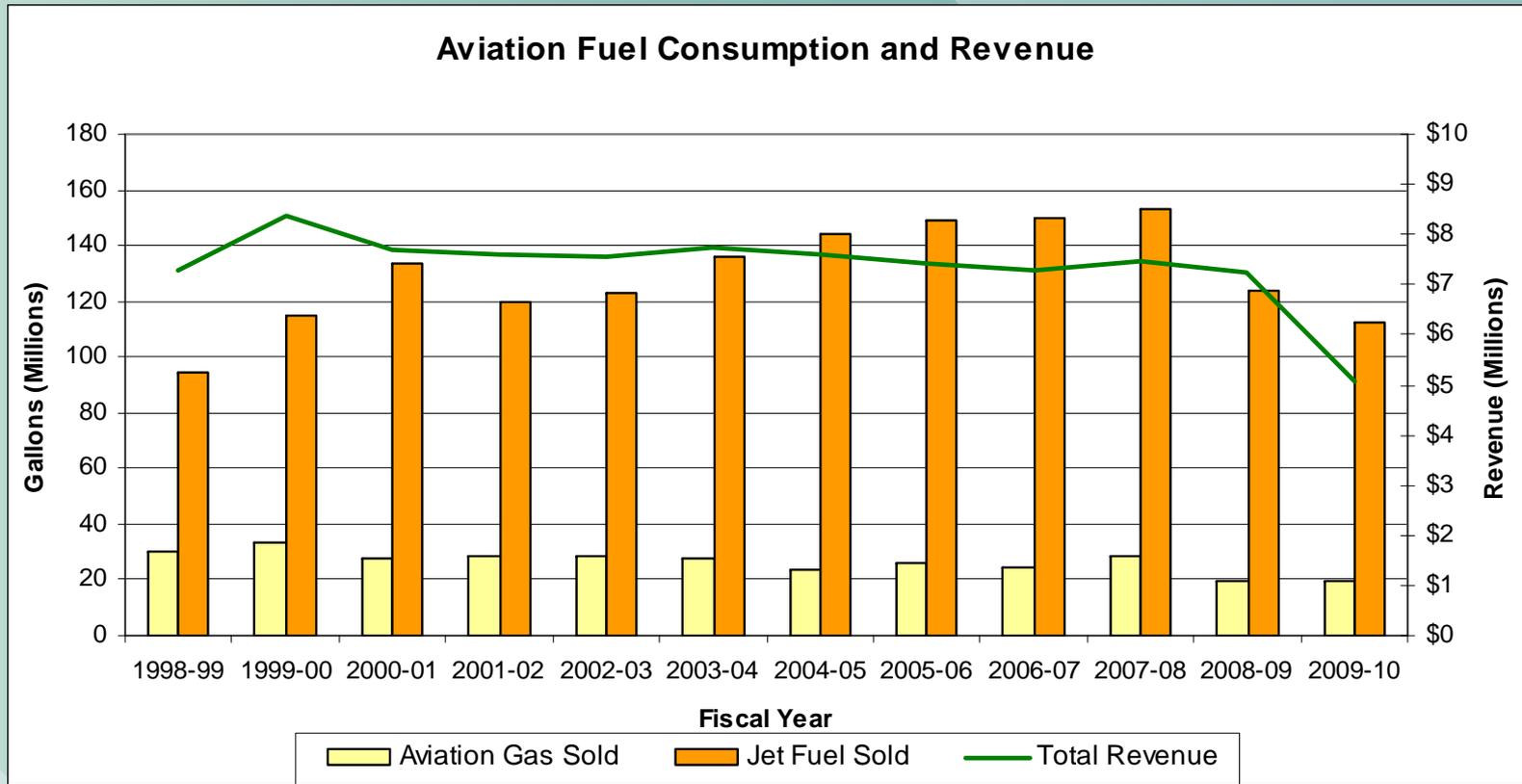
Presented to the  
California transportation Commission  
September 22, 2010



# Aeronautics Account

- **Aeronautics Account**
  - Annual Credit Program
  - Airport Improvement Program (AIP) Match
  - Acquisition and Development
  
- **Revenues – Excise tax on General Aviation**
  - 2 cents per gallon of jet fuel
  - 18 cents per gallon of aviation gasoline
  - Historically a very stable source of revenue, until the recent economic downturn

# Aviation Fuel Consumption and Revenue



# Budget and Expenditures

- Expenditures per 2009-10 Governor's Budget
  - State Operations \$3.7 million
  - Local assistance \$4.0 million
    - Subsequently suspended by ABX4 10
- ABX4 10 Suspended all local assistance for 2009-10, including match to federal funds and grants to local airports.
- Suspension of local assistance allowed for \$4 million transfers to the General Fund prior to January 1, 2011



# Local Airport Loan Account

- Not affected by ABX 4 10.
  - Continues to accept applications for loans to Public Airports
  - Loans are self sustaining through interest payments
- Locals submit repayments and interest on loans including:
  - Acquisition, construction, improvements, maintenance and operation of local airports
- Principal Outstanding
  - As of June 30, 2010, over \$23 million in loans were outstanding