

A-Engrossed
House Bill 2537

Ordered by the Senate July 8
Including Senate Amendments dated July 8

Sponsored by COMMITTEE ON ELECTIONS AND RULES

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Requires Department of Land Conservation and Development and Economic and Community Development Department to assess current level of and develop methods to improve economic development planning assistance to local governments.]

Authorizes issuance of lottery bonds for grants to finance construction of passenger terminal at North Bend Airport. Establishes North Bend Airport Improvement Fund. Continuously appropriates moneys in fund to Economic and Community Development Department for purpose of providing grants to Coos County Airport District to assist in funding construction of terminal.

Directs Oregon Department of Aviation to establish pilot program to foster economic development adjacent to rural airports by encouraging through the fence operations. Defines "through the fence operation."

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to economic development; appropriating money; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1) The Legislative Assembly finds that issuing lottery bonds to provide**
5 **grants to the Coos County Airport District to assist in the funding of the construction of a**
6 **new passenger terminal at the North Bend Airport is essential to promoting economic de-**
7 **velopment in southern Oregon.**

8 **(2) The use of lottery bond proceeds is authorized based on the following findings:**

9 **(a) The economy of Coos County has been depressed in recent years as a result of unfa-**
10 **vorable developments in the timber and fishing industries.**

11 **(b) The economy of Coos County will benefit from the construction of a new passenger**
12 **terminal at the North Bend Airport because it will increase the capability of the airport to**
13 **meet air travel needs for Coos County and provide for continued and expanded economic**
14 **opportunities for tourism in southwestern Oregon.**

15 **(c) Increased capacity for air transport at the North Bend Airport will increase the op-**
16 **portunity to attract new industries to areas served by the airport and increase opportunities**
17 **for employment in those areas.**

18 **(d) The construction of a new passenger terminal at the North Bend Airport will promote**
19 **economic development in this state, and the use of net proceeds from the operation of the**
20 **Oregon State Lottery to pay debt service on lottery bonds issued under this section to fi-**
21 **nance a portion of the costs of a new passenger terminal at the North Bend Airport is an**
22 **authorized use of state lottery funds under section 4, Article XV of the Oregon Constitution,**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 and ORS 461.510.

2 **SECTION 2.** The aggregate principal amount of lottery bonds issued pursuant to section
3 4 of this 2005 Act to assist in the funding of the construction of a new passenger terminal
4 at the North Bend Airport may not exceed the sum of \$10 million and an additional amount
5 estimated by the State Treasurer to be necessary to pay bond-related costs. Lottery bonds
6 issued pursuant to section 4 of this 2005 Act shall be issued only at the request of the Di-
7 rector of the Economic and Community Development Department. The director may not
8 request the issuance of lottery bonds pursuant to section 4 of this 2005 Act until the execu-
9 tive director of the Coos County Airport District certifies in writing that all necessary per-
10 mits for the proposed construction have been obtained by the airport district and has
11 provided documentation to the Director of the Economic and Community Development De-
12 partment that verifies that the district will have sufficient funding to complete the project.

13 **SECTION 3.** (1) The North Bend Airport Improvement Fund is established in the State
14 Treasury, separate and distinct from the General Fund. The net proceeds of lottery bonds
15 issued pursuant to section 4 of this 2005 Act shall be deposited in the fund. All moneys in the
16 North Bend Airport Improvement Fund are continuously appropriated to the Economic and
17 Community Development Department for the purpose of providing grants to the Coos County
18 Airport District to assist in the funding of the construction of a new passenger terminal at
19 the North Bend Airport. Interest earned on moneys in the fund shall be credited to the fund.

20 (2) Subject to subsection (3) of this section, moneys in the fund shall be made available
21 for distribution to the Coos County Airport District in the form of grants for the purpose
22 specified in section 1 of this 2005 Act.

23 (3) The Director of the Economic and Community Development Department shall enter
24 into a grant agreement with the Coos County Airport District that requires the department
25 to disburse the aggregate amount of \$10 million from the fund to the district when:

26 (a) Moneys are available; and

27 (b) The executive director of the Coos County Airport District has provided the doc-
28 umentation required under section 2 of this 2005 Act.

29 **SECTION 4.** (1)(a) For the biennium beginning July 1, 2005, the State Treasurer is au-
30 thorized to issue lottery bonds pursuant to ORS 286.560 to 286.580 and 348.716 in the amount
31 of \$6 million for payment of grants to the Coos County Airport District related to the con-
32 struction of a passenger terminal facility at the North Bend Airport, plus an additional
33 amount estimated by the State Treasurer for payment of bond-related costs of the Economic
34 and Community Development Department and the State Treasurer.

35 (b) For the biennium beginning July 1, 2007, the State Treasurer is authorized to issue
36 lottery bonds pursuant to ORS 286.560 to 286.580 and 348.716 in the amount of \$4 million for
37 payment of grants to the Coos County Airport District related to the construction of a pas-
38 senger terminal facility at the North Bend Airport, plus an additional amount estimated by
39 the State Treasurer for payment of bond-related costs of the Economic and Community De-
40 velopment Department and the State Treasurer.

41 (2)(a) Net proceeds of lottery bonds issued under subsection (1)(a) of this section, in the
42 amount of \$6 million, shall be deposited in the North Bend Airport Improvement Fund es-
43 tablished by section 3 of this 2005 Act not later than December 15, 2005.

44 (b) Net proceeds of lottery bonds issued under subsection (1)(b) of this section, in the
45 amount of \$4 million, shall be deposited in the North Bend Airport Improvement Fund es-

1 established by section 3 of this 2005 Act not later than December 15, 2007.

2 **SECTION 5.** Sections 6 and 7 of this 2005 Act are added to and made a part of ORS
3 chapter 836.

4 **SECTION 6.** As used in this section and section 7 of this 2005 Act:

5 (1) "Customary and usual aviation-related activity" includes activities described in ORS
6 836.616 (2) and includes activities that a local government may authorize pursuant to ORS
7 836.616 (3).

8 (2) "Pilot site" means a rural airport identified to participate in the pilot program pur-
9 suant to section 7 of this 2005 Act.

10 (3) "Rural airport" means an airport described in ORS 836.610 (1) that principally serves
11 a city or standard metropolitan statistical area with a population of 75,000 or fewer.

12 (4) "Through the fence operation" means a customary and usual aviation-related activity
13 that:

14 (a) Is conducted by a commercial or industrial user of property within an airport
15 boundary; and

16 (b) Relies, for business purposes, on the ability to taxi aircraft directly from the property
17 employed for the commercial or industrial use to an airport runway.

18 **SECTION 7.** (1) The Oregon Department of Aviation shall establish a pilot program at
19 up to three rural airports to encourage development of through the fence operations de-
20 signed to promote economic development by creating family wage jobs, by increasing local
21 tax bases and by increasing financial support for rural airports. To the extent practicable,
22 the airport sponsor of a pilot site shall use public-private partnerships that incorporate:

23 (a) Innovative and creative technologies for increasing airport usability and safety;

24 (b) Innovative and creative performance of aviation services to make the services more
25 competitive and useful for the public;

26 (c) Development of the pilot site as a setting for customary and usual aviation-related
27 activities to develop and thrive, in concert with the goals of the Economic and Community
28 Development Department; and

29 (d) Shared responsibility for:

30 (A) Establishing and meeting the fiscal needs of the pilot site;

31 (B) Maintaining safety of operations; and

32 (C) Maintaining positive community relations and compatibility with existing uses.

33 (2) The pilot program shall operate at:

34 (a) The Aurora State Airport; and

35 (b) Not more than two additional rural airports that volunteer to participate and are
36 selected by the Oregon Department of Aviation with the concurrence of the county in which
37 each rural airport is located.

38 (3) The Oregon Department of Aviation, by rule, shall provide standards and guidelines
39 for through the fence operations that:

40 (a) Ensure that the operations provide financial support to the pilot sites in compliance
41 with Federal Aviation Administration regulations;

42 (b) Require submission, review, approval and, as appropriate, revision of a facility site
43 plan for each through the fence operation so that the real property covered by the site plan
44 can be incorporated into the airport boundary and coordinated with the other aspects of the
45 airport master plan;

1 (c) Ensure that the operations are conducted according to a written contract between
2 the commercial or industrial user of property within the airport boundary and the airport
3 sponsor;

4 (d) Ensure that pilot sites continue to operate in a safe manner and to fulfill their roles
5 in Oregon's emergency response system;

6 (e) Preserve investments in pilot sites and the level of service provided by pilot sites;

7 (f) Facilitate orderly management of pilot sites;

8 (g) Provide equitable and uniform treatment of airport tenants and users at pilot sites;

9 (h) Advance economic development through qualified customary and usual aviation-
10 related activities within the airport boundaries of pilot sites;

11 (i) Encourage well-ordered economic development within the airport boundaries of the
12 pilot sites;

13 (j) Facilitate and foster good relations with the communities surrounding the pilot sites;

14 (k) Enable conformity with approved airport master plans;

15 (L) Make pilot sites available for public use on reasonable terms; and

16 (m) Assist pilot sites in developing financial self-sufficiency through the use of innovative
17 funding and economic development programs.

18 (4) The Department of Land Conservation and Development, the county and a city, if any,
19 within whose jurisdiction a pilot site is located shall coordinate with the Oregon Department
20 of Aviation to ensure that the applicable comprehensive plans and land use regulations, in-
21 cluding airport zoning classifications pursuant to ORS 836.600 to 836.630, facilitate through
22 the fence operations and support the development or expansion of the pilot site consistent
23 with applicable statewide land use planning requirements.

24 (5) The Economic and Community Development Department shall assist the pilot sites
25 to:

26 (a) Identify, qualify for and apply for funding from appropriate grant and loan programs;
27 and

28 (b) Develop innovative short-term and long-term funding opportunities.

29 (6) To the extent practicable, the airport sponsors shall utilize innovative airport
30 infrastructure and operations funding to support the pilot sites including, but not limited to:

31 (a) Airport districts as provided in ORS chapter 838;

32 (b) Economic development programs administered by the Economic and Community De-
33 velopment Department;

34 (c) Tax increment financing to provide funding for airport-related infrastructure;

35 (d) United States Department of Agriculture Rural Development grants or low-interest
36 loans; and

37 (e) Programs, including funding for short line railroads under ORS 367.067, designed to
38 facilitate development of intermodal transportation projects.

39 **SECTION 8.** (1) The Oregon Department of Aviation shall adopt rules to establish the
40 pilot program required by section 7 of this 2005 Act within six months after the effective date
41 of this 2005 Act.

42 (2) The Department of Land Conservation and Development, the county and a city, if any,
43 within whose jurisdiction a pilot site is located shall coordinate with the Oregon Department
44 of Aviation to implement the pilot program and to assist in the development of comprehen-
45 sive plans and land use regulations in accordance with ORS 836.610 (1) that ensure that land

1 use planning requirements facilitate implementation of the pilot program required by section
2 7 of this 2005 Act.

3 (3) Notwithstanding ORS 836.610 (2)(a), a county, in cooperation with a city within whose
4 jurisdiction a pilot site is located, shall, if a pilot site is located within the county, amend its
5 comprehensive plan and land use regulations as required in ORS 836.610 and sections 6 and
6 7 of this 2005 Act within one year after the Oregon Department of Aviation adopts the rules
7 required by subsection (1) of this section.

8 SECTION 9. This 2005 Act being necessary for the immediate preservation of the public
9 peace, health and safety, an emergency is declared to exist, and this 2005 Act takes effect
10 on its passage.

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