



Michigan Association of Airport Executives

Kevin C. Klein, AAE

Past President MAAE

Airport Director - TVC

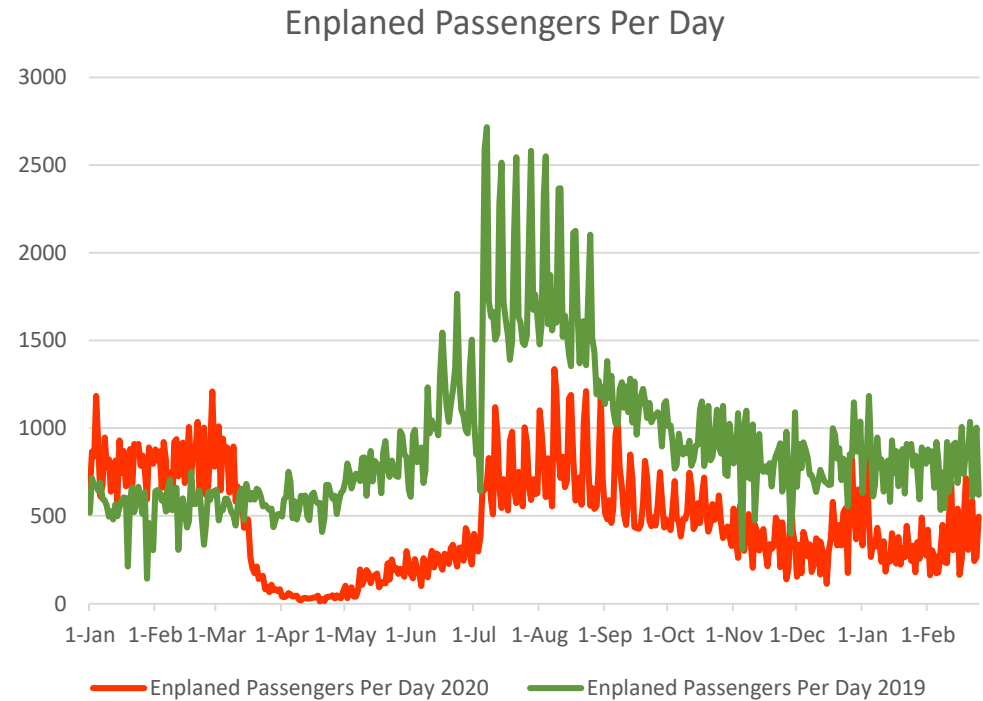


- 2019 Total Passengers –579,712
- Enplanement Growth of 53% since 2013
- 2020 Total Passengers –295,592
- COVID-19-induced reduction of 49%
- Annual economic impact of nearly \$1 billion - 2017
- 3rd highest in State for economic impact
- 4th highest in State for passenger enplanements



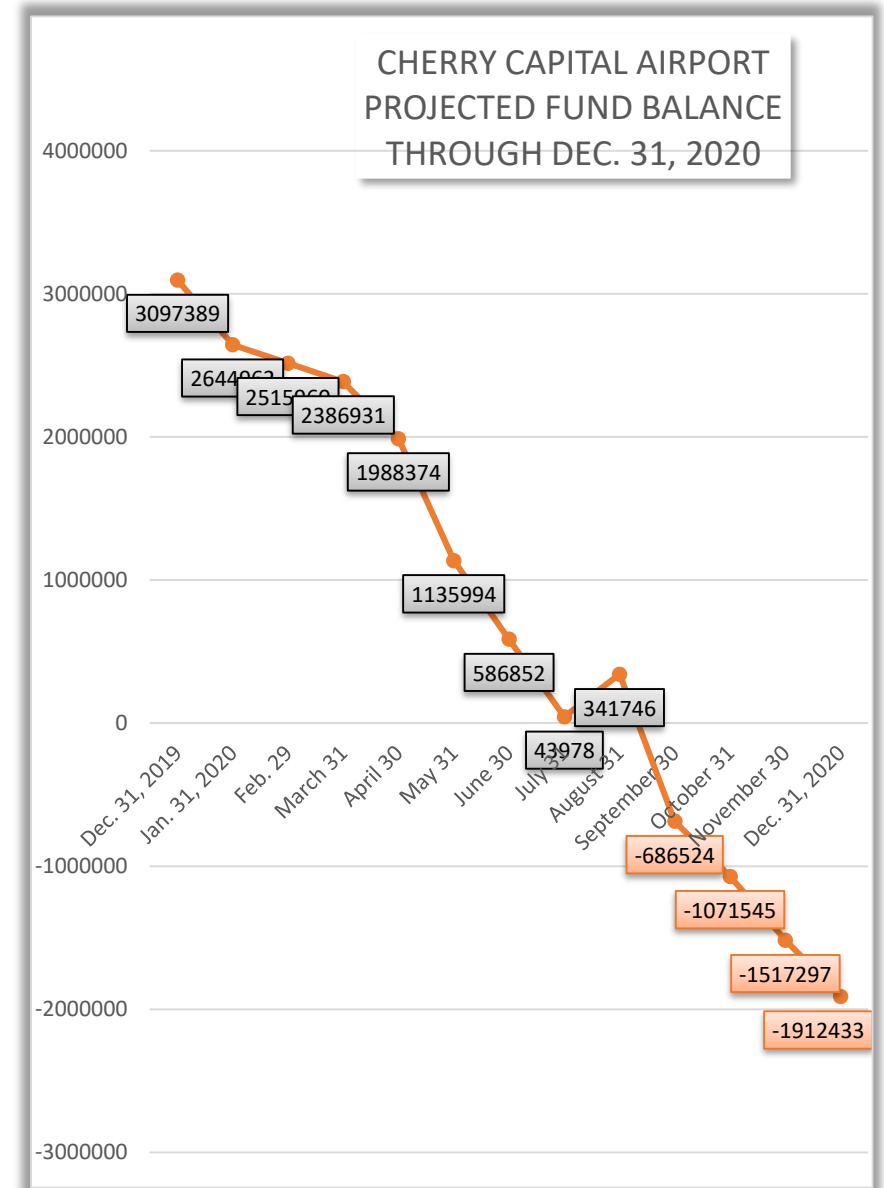
April 2020 down 95%

- 2020 down 49%
- 2021 January down 58.2%
- The struggles continue



Airport Finance

- Operating Budget
 - Supported by landing fees, aircraft and vehicle parking fees, rental fees, land rent fees, non aeronautical rent, and concessionaire fees
 - \$7.0 million –annual budget
 - Cash reserves \$3.0 million at the start of 2020
 - COVID
 - Projected loss of all cash reserves and additional \$1.9 million due to COVID for 2020 for a total loss of nearly \$5 million
 - Projected cash needed from the Counties for 2020 and 2021 to operate the NRAC - \$8.5 million (County split 85/15 Grand Traverse County \$7,225,000 and Leelanau \$1,275,000)



Funding is Critical

The primary source of funding for the Michigan Airport System has become antiquated.

- Funding Structure is 90% federal/5% state/5% local.
- 1929 – 3 cent tax on aviation fuel. In 1946 a 1.5 cent rebate to airlines.
- Compared to Michigan's fuel tax on gasoline which is 25.9 cents.
- 2015 – 2% of sales tax dedicated to the State Aeronautics Fund (SAF) and Qualified Airport Fund (QAF) as required by federal law.
- COVID-19 has crushed aviation industry in the last year.
- Need tax revenue paid by users of airports to be directed to support airports. Essential tax revenue equivalent of remaining 4% sales tax be used to support the SAF.



Current Budget

Have seen a significant decline in sales and fuel tax revenue as a result of COVID.

- According to Governor's Fiscal Year 2022 Budget proposal sales tax revenue is down \$1 million from 2020 FY to current FY2021 estimates. This is a 31% loss of tax revenue.
- FY2022 estimates sales tax revenue at \$2.8 million or a 17% decline since FY 2020.
- Likely not going to see air travel return to normal levels until 2023.
- Current revenue is not meeting needs especially considering COVID-19.



Current Needs

The MAAE, believes a yearly goal of \$30 million for the State Aeronautic Fund would adequately address the needs in Michigan.

- An important way to reach that goal is to dedicate tax revenue paid by users of airports to be directed to support airports.
- It is essential that the tax revenue equivalent of remaining 4% sales tax be used to support the SAF.
- Pre-COVID 19 aviation fuel sales tax revenue not used for airport purposes was approximately \$20-23 million dollars.

