



Senate Bill 690 (Substitute S-8 as reported by the Committee of the Whole)  
Sponsor: Senator Glenn D. Steil  
Committee: Detroit Metro Airport Review

### **CONTENT**

The bill would create the Public Airport Authority Act within the Aeronautics Code to do the following:

- Create a Public Airport Authority for a local government that owns or operates a qualified airport (Detroit Metropolitan Wayne County Airport); and provide that the Authority would be a political subdivision of the local government (Wayne County) and would be vested with the power to manage and operate the airport and airport facilities.
- Provide for the transfer of operational jurisdiction over the airport to the Authority.
- Provide that the Authority would be directed and governed by a seven-member board consisting of two members appointed by the Governor; one member appointed by the county board of commissioners; and four members appointed by the county executive.
- Authorize the Authority to issue bonds and/or notes, and specify that a majority vote of the board would be required to approve the Authority's bonds or other obligations.
- Require the board to provide for a system of accounting, and an annual audit, of the Authority.
- Require the Authority to establish contracting policies and procedures.
- Prescribe the powers and duties of the board and the Authority to manage and operate the airport.
- Require officials and employees of the local unit and the Authority to cooperate actively with each other and the State and Federal government to the end that the Federal Aviation Administration (FAA) would recognize the Authority as a "sponsor" of the airport, and to obtain FAA approval of the transfers prescribed in the bill. (A "sponsor" would be a public agency authorized by the Federal Airport and Airway Improvement Act to be responsible for requesting and accepting grant agreements from the FAA, and to impose a passenger facility charge, as authorized under the Federal Aviation Act.)
- Require the Department of Transportation to coordinate any action required by the State related to FAA approval, but prohibit the Department from promulgating rules under the bill.
- Prohibit the Authority from levying a tax or a special assessment.
- Allow a local government that owns or operates an airport that is not a qualified airport to declare its intentions to incorporate a Public Airport Authority.

MCL 259.1 et al.

Legislative Analyst: George Towne

### **FISCAL IMPACT**

The bill would have no fiscal impact on the State.

The bill would result in increased local costs associated with the creation and operation of the Public Airport Authority that would oversee Detroit Metropolitan Wayne County Airport. The Authority would consist of an appointed board, chief executive officer, chief financial officer, and other staff. There are no data available to indicate the size or scope of the Authority or the costs associated with its operation. To provide a point of reference, the Office of Auditor

General reported fiscal year 1998-99 budgeted revenue and expenses of the Detroit Metropolitan Wayne County Airport of \$249.1 million.

The bill's provision allowing the Authority to fix, charge, and collect rates, fees, rentals, and charges to fund all of its activities, operations, and investments would result in increased local revenues. The Authority would not have the power to levy taxes or special assessments. The local revenues generated by the Authority would be used to cover the costs associated with the operation of the Authority and the airport.

The bill could result in additional local debt associated with the provisions allowing the Authority to issue bonds and/or notes. Dedicated revenues generated by the Authority would be used to cover the schedule debt service payments. Any indebtedness would not constitute a full faith and credit obligation of the Authority.

Date Completed: 2-26-02

Fiscal Analyst: Craig Thiel

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.