

Department of Transportation
Aeronautics

A.R.S. § 28-170

	FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
PROGRAM BUDGET				
Full Time Equivalent Positions	33.0	33.0	33.0	19.0
Aeronautics	1,109,600	1,741,500	1,806,800	1,191,200
Grand Canyon Airport Cash & Revenues SLI	0	1,123,800	0	0
TOTAL APPROPRIATIONS	1,109,600	2,865,300	1,806,800 ^{1/2/}	1,191,200 ^{1/}
FUND SOURCES				
State Aviation Fund	1,109,600	1,741,500	1,806,800	1,191,200
Grand Canyon Airport Authority				
Operating Fund	0	1,123,800	0	0
Subtotal - Other Appropriated Funds	1,109,600	2,865,300	1,806,800	1,191,200
TOTAL APPROPRIATIONS	1,109,600	2,865,300	1,806,800	1,191,200

COST CENTER DESCRIPTION — *Aeronautics registers and licenses all general aviation aircraft in the state, administers the airports development grant and airports loan programs, and oversees the lease of the Grand Canyon National Park Airport.*

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Estimate	Estimate
• % of airport development projects completed on schedule	NA	NA	NA	75
• % that State Aviation Fund actual revenues exceed projection	NA	NA	NA	+4
• Working days to complete aircraft registration	3/3	3/3	3	2

Rent — The approved amount includes a FY 2002 State Aviation Fund increase of \$15,900 above FY 2001 and a FY 2003 State Aviation Fund increase of \$22,600 above FY 2001 for rent at Aeronautics central Phoenix office.

Grand Canyon Airport — The approved amount includes a total of \$646,100 and 14 FTE Positions for the Grand Canyon Airport in FY 2002 and no funding in FY 2003. The FY 2002 approved amount will allow the department to continue operating the Grand Canyon Airport until they lease the airport to a nonprofit corporation. In addition, \$1,123,800 is available from prior year monies for transfer to the new operator of the airport. The \$1,123,800 reverts to the State Aviation Fund on July 1, 2002, if the airport has not been leased by then. Under Laws 2000, Chapter 99, the department is required to submit the lease to the

Joint Legislative Budget Committee for review at least 30 days before they intend to execute the lease. The department may not execute the lease until the Joint Legislative Budget Committee reviews the lease and submits a report summarizing the terms of the lease to legislative leadership. (See *Special Line Item and Additional Legislation descriptions below.*)

The ownership and management of the Grand Canyon Airport was transferred from the Arizona Department of Transportation (ADOT) to the then newly established Grand Canyon Airport Authority on October 1, 1999, in accordance with Laws 1999, Chapter 213. Prior to the passage of Laws 1999, Chapter 213, which established the Grand Canyon Airport Authority effective October 1,

1/ General Appropriation Act funds are appropriated as a Lump Sum by Program.

2/ Of the total appropriation for the Aeronautics program, \$646,100 in FY 2002 is for operating the Grand Canyon Airport. Before expending any of the \$646,100 of the FY 2002 appropriation for operating the Grand Canyon Airport, the department shall report to the Joint Legislative Budget Committee on the status and projected date of the privatization of the airport. No more than 1/12th of the \$646,100 may be made available to the Arizona Department of Transportation in any month. Any monies not expended for operation of the Grand Canyon Airport shall revert to the State Aviation Fund. (General Appropriation Act footnote as adjusted for statewide salary and other allocations).

1999, the General Appropriation Act included \$636,200 in FY 2001, for the operation of the Grand Canyon Airport. The Authority was envisioned as having more local control, more freedom from the state bureaucracy, and with the ability to borrow funds for capital needs. However, ADOT subsequently determined that the Authority was a semi-autonomous state entity, instead of an independent municipal corporation, which still had to use the state accounting system, personnel system, and administrative rule making process. To remedy these shortcomings, Laws 2000, Chapter 99 was enacted.

Laws 2000, Chapter 99 eliminated the Grand Canyon Airport Authority, reverted any unexpended and unencumbered monies previously appropriated to the Authority to the State Aviation Fund, and returned the operation of the Grand Canyon National Park Airport to ADOT, effective July 18, 2000. Laws 2000, Chapter 99 also required that ADOT must lease the airport to a nonprofit corporation, to operate and develop the airport as provided in the lease, by March 1, 2001.

When ADOT attempted to negotiate a lease for the airport, they found that further statutory changes were needed. In response, Laws 2001, Chapter 99, was enacted. This Chapter 99 specifically exempts the Grand Canyon Airport lessee from bid requirements, mechanics liens, the personnel system, rule making procedures, and the procurement code. The Chapter also removes the March 1, 2001 deadline for the lease, removes the 20-year time limit on leases of the airport, and extends the reversion of the monies in the of Grand Canyon Airport Cash and Revenues Special Line Item to the State Aviation Fund to July 1, 2002. *(For more information see Additional Legislation.)*

Grand Canyon Airport Cash & Revenues Special Line Item — Monies in this line item are a one-time appropriation of Grand Canyon Airport Cash and Revenues to ADOT in FY 2001 for transfer to the nonprofit corporation lessee of the airport on the effective date of the lease. The General Accounting Office of the Arizona Department of Administration reported a fund balance of \$1,123,800 on November 21, 2000. The source of revenue for this fund was Grand Canyon Airport user fees and charges collected by the Grand Canyon Airport Authority, under Laws 1999, Chapter 213, which was to be the Authority's ongoing funding source. The approved amount includes a decrease of \$(1,123,800) in both FY 2002 and FY 2003 from FY 2001. Laws 2001, Chapter 99, extends the date for the reversion of the monies in the Grand Canyon Airport Cash and Revenues Special Line Item, if the airport has not been leased, to the State Aviation Fund from July 1, 2001 to July 1, 2002. *(For more information see Additional Legislation.)*

Additional Legislation: Grand Canyon Airport; Lease (Chapter 99) — Removes the March 1, 2001 deadline for the department to lease the Grand Canyon Airport, and

removes the 20-year time limit on leases of the airport. Extends the date for the reversion of the monies in the Grand Canyon Airport Cash and Revenues Special Line Item, if the airport has not been leased, to the State Aviation Fund from July 1, 2001 to July 1, 2002. These monies were appropriated to ADOT in FY 2001 for transfer to the nonprofit corporation lessee of the airport on the effective date of the lease. Specifically exempts a nonprofit corporation that leases the Grand Canyon Airport from bid requirements, mechanics liens, the personnel system, rule making procedures, and the procurement code.

ADOT is still required to submit the lease to the Joint Legislative Budget Committee for review at least 30 days before they intend to execute the lease. ADOT may not execute the lease until the Joint Legislative Budget Committee reviews the lease and submits a report summarizing the terms of the lease to the Speaker of the House of Representatives and the President of the Senate, which shall be within 30 days after receipt of the lease.

Flight Property Tax Revenues (Chapter 286) — Continues to deposit 50% of revenues from the flight property tax in the General Fund and 50% in the State Aviation Fund through June 30, 2003, after which 100% of the revenues will be deposited in the State Aviation Fund.

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