

Some want Oregon rural airports to get urban renewal

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Jim Shotwell, a pilot with Aurora Aviation, prepares to take off for a flight from Aurora State Airport in Aurora, Ore, on April 29, 2011. Rural airport officials and airport-related business stakeholders are pushing for state legislation that would open the door for a unique use of urban renewal money. / Sam Tenney | The Associated Press

PORTLAND — Rural airport officials and airport-related business stakeholders are pushing for state legislation that would open the door for a unique use of urban renewal money.

Senate Bill 904 would direct the state to establish a program that would allow rural airports in Oregon to create urban renewal areas and use tax dollars to pay for needs

such as public utilities and maintenance. Affected taxing districts would be required to give approval before airports could tap into the money, but special taxing districts and redevelopment agencies are nevertheless fighting the bill.

"We're concerned that the proposal allows those funds to be used for non-property tax generating revenue," said Mark Landauer, a lobbyist with the Special Districts Association of Oregon, which represents hundreds of public entities that rely on funding from property taxes. "The bill would permit money to be spent on services and maintenance, which don't result in an increase in (property) value."

SB 904 would direct the state's business development department, Business Oregon, to establish a rural airports urban renewal program. Any airport in a city with a population less than 75,000 would be allowed to create an urban renewal area on properties zoned for airport-related uses.

If airport officials were to gain approval from every taxing district that would be affected — rural fire and drainage districts, for example — they could create a URA and divert 50 percent of all property tax revenues generated from new development to help pay for airport-related projects and maintenance.

Like the SDAO, both the Association of Oregon Redevelopment Agencies and the League of Oregon Cities are concerned about the bill. They say there is insufficient oversight for how the money is used.

"We have serious reservations on the use of this type of funding," said Michael Novak, a government relations specialist with the League of Oregon Cities. "Statutory authority already exists that would allow airports to work cooperatively with local governments to create port districts or URAs to assist in the build-out of these types of infrastructure.

"It sets a dubious precedent allowing (URA money) to pay for maintenance, operations and services. It's a significant deviation from fundamental (tax increment financing) practices and is a misuse of the TIF mechanism."

But bill proponents believe the economic benefits would outweigh any of the opposition's reservations.

"One thing I've discovered in my 25 years of work is that rural airports are capable of creating jobs and serving as technology centers in our rural areas," said Aron Faegre, a Portland-based architect and engineer who has worked on rural airport projects around Oregon.

Faegre and other supporters of the bill cited Aurora State Airport as the poster child for a rural airport leading to economic development. The public and private sectors have worked together on several occasions to make improvements, which have led to nearly 750 jobs being created, he said.

Ted Millar, owner of the Southend Airpark at the Aurora airport, said the bill would create jobs and support business around the airport. The Federal Aviation Administration pays for most of the operations at rural airports, but not fire protection, utilities and roads, he said.

Moreover, bill supporters believe that a requirement for special districts and local governments to sign off on a URA before it's created should alleviate opponents' concerns. The state doesn't require special district approval for URAs, but a law passed in 2009 requires any major amendments to existing URAs — like increasing the indebtedness, acreage or lifespan — receive 75 percent approval from special districts.

"Simply, the bill would not be implemented without the full support of government and local districts," said Gary Oxley, a lobbyist with the Oregon Aviation Business Association.

The Senate Business, Transportation and Economic Development Committee voted 5-1 to send SB 904, with a do-pass recommendation, to the Senate Finance and Revenue Committee, which has not scheduled a hearing yet.

Sen. Lee Beyer, D-Springfield, said he supported the bill because of the provision that would require 100 percent approval from those affected. He called it a "good luck with that" provision.

The lone dissenter, Sen. Fred Girod, R-Stayton, agreed with the economic viability of rural airports, but added that he couldn't support a bill that deviated so far from the urban renewal norms.

"I sympathize with the plight of the airports, but I don't think this is the right vehicle to help them," he said.

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