

HB

354

ALASKA STATE LEGISLATURE

Interim:

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Wasilla, Alaska 99654
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Session:

State Capitol Building
Juneau, Alaska 99801-1182
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REPRESENTATIVE WES KELLER DISTRICT 14

Sponsor Statement HB 354

“An Act relating to eligibility for loans from the Alaska capstone avionics revolving loan fund.”

In 2008 the Alaska Legislature commissioned the Capstone Avionics Loan Program. It was designed to provide access to a new generation of avionics for Alaskan aircraft owners and operators. The impetus for the program was an FAA pilot program that confirmed the substantial value and effectiveness of the technology. The results of the pilot program revealed a 47 percent decrease in accident rates in the trial area, and the FAA estimates that full implementation will result in 33 percent fewer fatalities statewide.

HB 354 is being proffered to amend existing statute in order to carry out the mission and original intent of the Capstone Avionics Program more effectively. As initially conceived, the program was intended to provide loans that would allow in-state operators and carriers to upgrade their avionics. However, there is an unforeseen gap in eligibility standards precluding significant portions of the target market from participation. Because the threshold for eligibility is predicated upon ownership of aircraft, an owner or carrier that chooses to lease its aircraft or fleet is deemed ineligible to access the program. This bill seeks to redress this deficiency by allowing for maximal participation. HB 354 is being offered only as an improvement to the Capstone Avionics Program because we believe it is in the interest of public safety, especially as it pertains to flights in and out of rural Alaska. Thanks for your consideration!

E-Mail: Representative Wes_Keller@legis.state.ak.us
Call Juneau Toll free: (800) 468-2186
Website: www.akrepublicans.org/keller/

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 354
() Publish Date: _____

Identifier (file name): HB354-CED-INV-3-1-10
Title: AK CAPSTONE AVIONICS REVOLVING LOAN FUND
Sponsor: Representative Keller
Requester: House Labor & Commerce
Dept. Affected: DCCED
RDU: 122
Component: Investments
Component Number: 383

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES								
CHANGE IN REVENUES	0.0		0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1140 AIDEA Dividend								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Micro Loan Revolving Loan Program								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation amends the Alaska Capstone Avionics Revolving Loan Fund program to allow a lessee of an aircraft that logs a substantial percentage of flight hours in the state to qualify to apply for loans to purchase Capstone Avionics equipment.

The Department of Commerce, Community, and Economic Development anticipates that this will result in a few additional loan requests but that the fiscal impact will be minimal.

Prepared by: Greg Winegar, Director
Division: Division of Investments
Approved by: Emil Notti, Commissioner
Department of Commerce, Community, and Economic Development

Phone 465-2510
Date/Time 3/1/10 12:00 AM
Date 3/1/2010



February 24, 2010

Representative Wes Keller
State Capitol, Room 13
Juneau, Alaska 99801-1182

Dear Representative Keller;

Throughout the course of its history, Peninsula Airways has focused on our responsibility for the safety of every passenger that boards our airplanes. We were early adopters of GPS technology in the 90s, we were one of the first 5 Shield members of the Medallion foundation, and we were active in the first testing of the Capstone system in southwest Alaska. We have recently been working with industry teams to push forward the next wave of navigation equipment designed to enhance air travel safety in Alaska.

Part of the effort to enhance safety is built around the Capstone Loan program that provides low interest loans to early adopters of ADS-B and WAAS technology. To fully appreciate the benefits of this program, Peninsula Airways is requesting that the loan program be expanded to include a lessee of an aircraft, not just the actual owner, as the majority of our larger aircraft are operated under long-term lease agreements. Support of HB354 would show a commitment to improving aviation safety in Alaska and your faithfulness to the economic stability of our vital air transportation system.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Carricaburu", with a long horizontal flourish extending to the right.

Bryan Carricaburu
VP/Director of Operations
Peninsula Airways, Inc.



Re: HB 354

To Whom It May Concern:

Era Alaska represents the largest group of Alaskan owned and operated air carriers in the state of Alaska. We provide an essential network of daily scheduled operations to over 100 communities in the state. Era Alaska operates a variety of aircraft throughout our state;

- 18 Cessna Caravan**
- 19 Cessna 207**
- 10 PA-31-350 Chieftain**
- 4 Cessna 406**
- 11 Beechcraft 1900C airliner**
- 3 Beechcraft 1900D airliner**
- 4 DeHaviland Dash 8-100 series aircraft**

We have invested heavily in equipping over 90% of our fleet with Capstone avionics suites. Most of the aircraft in the fleet are leased by the airline from a wholly owned leasing company and by its very nature, under current definition, may be prohibited from using the existing loan program sponsored by the State.

The next generation WAAS upgrade to the Capstone suite is absolutely essential to enhancing the safety of our operations and will benefit over 650,000 passengers each year in our system.

Era Alaska and its' affiliated carriers fully support Representative Keller's HB354.

Please feel free to contact me if you have any questions or I can provide further input.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Hajdukovich", written over a white background.

Bob Hajdukovich

CEO, Era Alaska

*Frontier Flying Service, Inc.
Era Aviation, Inc.
Hageland Aviation Services, Inc.
Arctic Circle Air Service, Inc.*

flyera.com



February 24, 2010

Re: HB 354

To Whom It May Concern:

Era Aviation has proudly participated in the *Alaska Capstone Avionics Loan Program* as administered by the State of Alaska Department of Commerce, Community, and Economic Development. I believe Era was the first commercial (airline) applicant to successfully navigate the loan process through final loan disbursement. The availability of the Capstone Avionics Loan Program was instrumental in Era Aviation's decision to pursue installation of Next Generation avionics for our Bombardier Dash 8-103/106 aircraft. Our new UNS1-Lw FMS/GPS/WAAS navigation receivers represent the most modern technology available anywhere. Use of this new technology will provide our scheduled airline passengers and charter customers with an unsurpassed level of safety and efficiency in use of the US National Airspace System.

Era Aviation has an aggressive avionics upgrade program, in conjunction with using Capstone Avionics Loan Program disbursements, to equip our entire Dash 8 fleet. Unfortunately, a provision of the Loan Program is that the loan may only be submitted by the 'owner' of the aircraft. Most large aircraft are typically leased by the commercial airline through other corporate ownership entities. This existing restriction may unintentionally and unreasonably exclude many large aircraft operated within the State of Alaska from qualifying for a loan from the Capstone Avionics Loan Program. In fact, we are apprehensive that one of our existing Dash 8 aircraft which Era leases from another corporate entity, may fail to fully qualify in actual practice, for the same loan program benefits as the other, identical Dash 8 aircraft which are owned exclusively by Era Aviation.

It is for this reason and the associated goal of promoting higher standards of safety within our Alaskan aviation community that Era Aviation fully endorses Representative Keller's HB354, which if passed in its present form would amend the Alaska Capstone Avionics Loan Program to include operators of leased aircraft to obtain loans under that Program. We look forward to the assistance of the Alaska Legislature in helping promote greater use of this important Program.

Please advise if you have any further suggestions or comments regarding this issue.

Sincerely,

Jeff Sharp
VP, Operations
Era Aviation
(jsharp@flyera.com or 907-266-8373)