



CAPITAL REGION AIRPORT AUTHORITY

Chris Holman
Chairman

Dick Baker

Victor Celentino

Samantha Harkins

John Shaski

Greg Ward

Robert F. Selig, AAE
President – CEO

Written Testimony for the Regulatory Reform Committee October 19, 2016

The Capital Region International Airport in Lansing is the first airport in the State of Michigan to effectively negotiate commercial operating agreements with both Transportation Network Companies, Uber and Lyft. Since the agreements have been in effect operations have proceeded smoothly.

House Bill 4637 as written as of 10/18/2016, places all Michigan airports in violation of 49 U.S.C subtitle VII. In particular, the violations fall within the Grant Assurance Obligations for federal grants as part of the Airport Improvement Program. The following Grant Assurances highlight the violations:

- Grant Assurance 22: Economic Nondiscrimination
 - Reasonable fees and not unjustly discriminatory prices on rental spaces and services
 - Limit classes of service based on the safe operation of the airport or necessary to serve the needs of the public
- Grant Assurance 24: Fee and Rental Structure
 - Fees and rental structure to make airport self-sustaining
- Grant Assurance 25 Airport Revenues
 - All fees collected to be used to cover the operating costs of the airport

Basically the Grant Assurances require all airport users to be treated fairly without discrimination, whereas, this legislation gives special treatment (discriminates) to the Transportation Network Companies, taxicab, and limousine operators.

Since airports are required to charge fees to all commercial operators to cover the airports operating costs, elimination of fees for one type of commercial operator could result in all commercial operators having fees revoked at the airport. This in turn would lead into a spiral effect removing fees for the following:

- Rental car agencies would no longer have to pay the commercial operator fee;
- Restaurants, parking, hotel shuttles, passengers, airlines, etc will become exempt as well.

With the fees no longer collected, the ability for the airport to continue being self-supporting will end, and the burden will then need to be placed on the taxpayers. The Capital Region Airport Authority has the ability to collect taxes through PA 73 of 1970.

All of these items discussed will create a failure to maintain grant assurance compliance. Non-Compliance of the grant assurances will jeopardize the airports ability to obtain future grants for capital improvements.

Small airports like Lansing do not have large enough budgets to cover the losses of the grants, especially if the ability to charge equitable fees for commercial use of the airport are stopped. Smaller airports need to collect every available funding source available to maintain self-sufficiency.

The failure to obtain grants will lead to other regulatory compliance issues especially safety and security of facilities. The impacts of the non-compliance will result in the loss of air service to the community with a worst case scenario resulting in the possible closing of the airport.

If the airport retains the ability to properly regulate the TNC's, taxicabs, and limousine operators by adding the clarifying statement "**local unit of government**" **does not include an airport**, then the airport would be supportive of the legislation.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Jonathon Vrabel". The signature is fluid and cursive, with the first name being more prominent.

Jonathon Vrabel
Acting President & CEO
Capital Region Airport Authority