



Airport Association of North Dakota

Ryan Riesinger - President Anthony Dudas - Vice President

Jordan Dahl - Sec. / Treasurer

P.O. Box 2845, Fargo, North Dakota 58108-2845

March 11, 2021

RE: Testimony to House Transportation Committee – SB 2149 (Transportation Network Companies Operating at Commercial Service Airports)

Chairman Ruby and members of the committee,

I am Matthew Remyse, the past President of the Airport Association of North Dakota (AAND). I want to thank you for the opportunity to testify here today. AAND is the professional organization for North Dakota Airports and it serves to promote airports, aviation, and safety across the state. I'm here today on behalf of the association to express our support of SB 2149.

With an annual economic impact of \$1.4 billion, our commercial service airports are a valuable asset to North Dakota's economy and touch all major industries. In 2019, passenger boardings at our commercial airports totaled just under 1.2 million passengers, an increase of 10% over 2018. In 2020, passenger boardings were up 12% in the first two months and the growth was predicted to continue. Unfortunately, in March 2020, COVID-19 was deemed to be a global pandemic and the results of lockdowns, border closures and travel restrictions devastated the commercial airline industry. Through the pandemic, North Dakota aviation has fared well; even with the decline in activity, yearly passenger boardings were only down 50% in 2020. During the pandemic, albeit at a smaller level, airport operations still continued, airlines continued flying passengers, TSA continued screening passengers and baggage, car rentals agencies continued to rent cars, passengers continued to park vehicles and use ground transportation services, like taxis and Transportation Network Companies (TNC).

Over the last four years, TNCs have become an important form of ground transportation in the state and without a doubt, airport leaders want to have TNCs operating at their airports. AAND's reason for pursuing this bill, is about equality for all ground transportation companies that operate at airports. Currently, North Dakota Century Code allows political sub-divisions to enter into operational agreements with taxis, shuttles, car rentals and other ground transportation providers, but not TNCs. At this time, airport operators are providing access to TNCs as the public, even though TNCs are a business. Airport operators that collect federal grants are bound by Federal Aviation Administration (FAA) grant assurances. A section in these assurances, requires airport operators to remain financially self-sufficient as possible by setting appropriate rates and charges for the use of the airport. With regard to ground transportation, car rentals companies are charged a fee to operate on an airport, so are taxis and shuttles at certain airports in the state. So yes, airport operators with healthy TNC activity will look to enter into agreements and collect fees, but this bill is not just about the fee collection. The bill is also about being able to partner with a TNC and integrate them into the airport's operation so they can receive the benefits of a commercial operator. A few examples include parking and pick-up locations, promotion and terminal signage; all of which benefit the TNC and airport operation.

With any bill, there have been several questions and concerns that have come up regarding SB2149. First, was the concern that the fee would be passed onto the customer and it was a blank check. In aviation, it is common place to see fees passed on to the customer. On a normal trip, customers normally see facilities fees, FAA fees, TSA security fees, parking fees, car rentals fees and concession fees. Airport directors are very aware of what fees are being passed along to the customer. They are also very conscious of this practice and are not looking to get rich off the fees. Rather, airport operators want to assure that all commercial operators provide some payment for the captive audience airports provide and the resources they use when on the airport. Additionally, the fee assessed may be less than what a passenger would pay if they used a rental car or parked at the airport. Also, fee assessment is a local issue, some airport

operators may assess a flat rate per year, while another may assess a per transaction fee or no fee at all. Additionally, a concern about the driver having to pay this fee was presented. Airport contracts allow for the fee to be passed to the customer or absorbed by the company and reimbursed through a fare to the customer. So, this is a business practice that needs to be agreed to between the TNC operator and the individual driver. Second, is a concern that the bill was two opened ended. Based on this concern, the language is very specific to just allowing TNC operations at an airport and allowing an airport's governing body to enter into agreements with TNCs. This bill will not affect TNC operations around a community. Also, this language does not give more power to an airport than its governing body. Airports that are a department of a City must get approval from the City's governing body to enter into a contract. In the case of airport authorities, the authority is its own political sub-division that has its own rights and powers under ND Century Code including the ability to enter into operational agreements. Similar language was codified in Wyoming and has worked well with multiple airports in Wyoming having contracts with TNCs. Third, was the concern that this would cause difficulty for the TNC drivers. This is untrue, the drivers will not be affected. The contract is between the airport operator and the TNC. In fact, drivers could see benefits like better parking and promotion within the terminal. Finally, was the concern that this bill would cause discrimination amongst TNC operators. Per FAA requirements and the airport authorities act, airport operators cannot discriminate against an entity unless there is a just reason for not entering into an agreement. So, an airport operator would have to offer the same terms or agreement to any TNC operator that wanted to operate at the airport.


Another topic discussed during on this bill, was that commercial airports have plenty of Federal funding. While our airports do receive federal funding, priority for federal funding is given to safety and airside related projects. Landside projects such as access roads and signage carry a low priority and very rarely receive federal funding. This leaves the responsibility of funding these projects to the airport and state. Additionally, pay parking lots are not eligible for

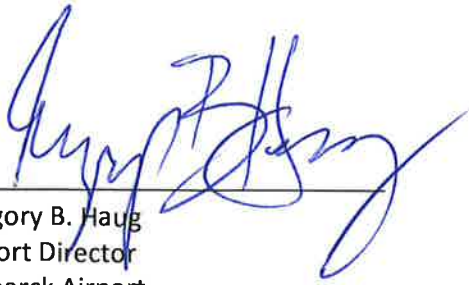
federal funding, the cost for constructing and maintaining a parking lot is 100% local. The fees collected by an airport operator through a contract with a TNC would be used to offset the on-going maintenance costs of landside infrastructure because those maintenance costs are not eligible for federal funding. As an enclosure, I've attached a list of the commercial airports in the state identifying whether they charge a fee for ground transportation services, what the fee is and what their plans are in the future.

According to the FAA, North Dakota is only one of a handful of states that has laws restricting airports from entering into contracts with TNCs. Across the nation, TNCs have entered into contracts with political sub-divisions for operations at commercial service airports. According to an article in The Bond Buyer, Lyft has established agreements with 240 airports and Uber has agreements with over 100 airports. Even though not all the airport operators in North Dakota will pursue an agreement with a TNC, they are supportive of this bill and the proposed change to the TNC law. Truly, airport operators believe this is a local issue and want to have the option to enter into an agreement if the time is right and the opportunity is beneficial for both parties.

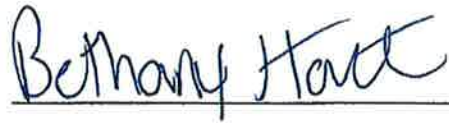
In summary, TNC operators have become a key ground transportation provider at commercial service airports in ND since starting operations in 2017. We feel they have grown enough to be incorporated in airport operations without negative consequences. We respectfully request the support of SB2149 and that this committee provide a "do pass" recommendation. Again, I thank you for the opportunity to provide testimony today and I will take any questions the committee may have for me.

Respectfully,


Matthew Remyse, A.A.E.
Past President, AAND



Gregory B. Haug
Airport Director
Bismarck Airport



Bethany Hart
Airport Manager
Devils Lake Regional Airport



Kelly Braun, C.M.
Airport Manager
Dickinson Theodore Roosevelt
Regional Airport



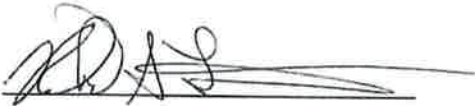
Shawn A. Dobberstein, A.A.E.
Executive Director
 Fargo's Hector International Airport



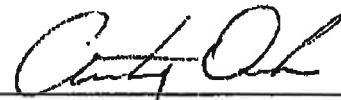
Ryan Riesinger, C.M.
Executive Director
Grand Forks International Airport



Katie Hemmer
Airport Director
Jamestown Regional Airport



Richard A. Feltner, C.M.
Airport Director
Minot International Airport



Anthony Dudas, C.M.
Airport Director
Williston Basin International Airport

2020 North Dakota Airport Ground Transportation Rate and Charges			
<u>Airport Name</u>	<u>Currently Charge for Taxi Operations</u>	<u>Rate</u>	<u>Future Plans</u>
Bismarck Airport	No	N/A	If 2149 is approved, plan to develop a ground transportation program
Devils Lake Airport	No	N/A	
Dickinson Airport	Yes	\$600/operator/year.	Assess flat fee to TNC
Fargo Airport	No	N/A	If 2149 is approved, plan to develop a ground transportation program
Grand Forks	Yes	\$200/vehicle fee	If 2149 is approved, will consider going to a per trip fee for all users.
Jamestown Airport	No	N/A	
Minot Airport	Yes	\$600/operator/year	Assess flat fee to TNC
Williston Basin Airport	No	N/A	If 2149 is approved, plan to develop a ground transportation program

Enclosure 1