



Airport Association of North Dakota

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

Chairman Clemens and members of the committee,

I am Matthew Remyse, the 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.

Our commercial airports are a valuable asset for North Dakota's economy and touch all major industries. According to the 2015 Economic Impact of Aviation study, North Dakota's eight commercial service airports generate an economic impact of \$1.4 billion annually. In 2019, passenger boardings at our commercial airports totaled 1,191,569 passengers, an increase of 10% over 2018. That is an additional 108,452 passengers year over year. 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 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 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 better the airport and better the TNC operation.

During the last session, several concerns about AAND's TNC bill were brought up by this committee and other legislators. 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 car rental 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. Second, was the concern that the bill was too open ended. Based on this concern, the new language is very specific to just airports and only for entering into agreements with TNCs. This bill will not affect TNC operations around a community. 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 ongoing maintenance costs of landside infrastructure because those maintenance costs are not eligible for federal funding.

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. Additionally, I would be happy to come back during committee work on this bill and answer any questions that may come up at that time.

Respectfully,

A handwritten signature in blue ink, appearing to read "Matthew R", with a stylized flourish at the end.

Matthew Remynse, A.A.E.
President, AAND