

§ 63-74. Airport Improvement Program.

(a) Purpose. – There is established an Airport Improvement Program (AIP) that shall serve to (i) fund improvements at eligible airports and (ii) pay debt service or related financing costs and expenses on revenue bonds or notes issued by eligible airports. The Department of Transportation shall allocate funds appropriated to this program to eligible airports based on the findings in the biennial economic impact study, as described in this section. The Department shall adopt rules governing the distribution and use of these funds.

(b) Eligible Airport. – Any publicly owned, commercial service airport with more than 10,000 passenger boardings during the two calendar years preceding the fiscal year in which funds are allocated is eligible for Airport Improvement Program funds.

(c) Economic Impact Study and Distribution Formula. – The Department of Transportation shall conduct a biennial economic impact study that examines the annual economic impact of each commercial service airport in North Carolina. The Department shall disburse AIP funds appropriated in a year to each eligible airport in proportion to the total economic impact of the airport, adjusted as provided in this subsection:

- (1) For an eligible airport with one of the three largest economic impacts, the airport's distribution amount shall be reduced by a percentage equal to the lesser of twenty percent (20%) or five percent (5%) multiplied by each full ten percent (10%) of economic impact calculated for that airport. The aggregate amount of the reduction to the eligible airports with the three largest economic impacts is the amount to be redistributed to the remaining eligible airports as provided in subdivision (2) of this subsection.
- (2) For an eligible airport that does not have one of the three largest economic impacts, the airport's distribution amount shall be increased based upon the following formula:
 - a. Twenty-five percent (25%) of the redistribution amount shall be distributed equally.
 - b. Seventy-five percent (75%) of the redistribution amount shall be based upon the airport's share of passenger boardings compared to the total number of passenger boardings used for all airports receiving a distribution pursuant to this subdivision.

(d) Permissible Uses, Reporting, and Return of Funds. – The Department of Transportation shall not allocate funds to an airport under this section until that airport has provided a report outlining how the airport will use the funds in conformance with the purposes of the program. Airports shall submit their report between July 1 and August 15 of the fiscal year. No later than 45 days from the date the Department receives the report required under this subsection, the Department shall determine whether the intended use of the funds matches the purposes of the program and, if so, allocate funds under this section to the compliant airport. The Department of Transportation shall disburse funds appropriated under this section on a quarterly basis beginning September 30 of the fiscal year. An airport that receives funds under this section shall return the funds to the Department if the funds are in the possession or control of the airport and not expended or encumbered by September 30 of the year following the fiscal year in which the Department makes the allocation. All funds returned to the Department under this section, or retained by the Department for failure of an eligible airport to submit a report under this subsection, shall be credited to the fund from which they were appropriated and shall remain unexpended and unencumbered until appropriated by the General Assembly.

(e) Limitation. – Notwithstanding any provision of law to the contrary, the allocation of funds under this section to eligible airports, the enactment of this section, and the issuance of bonds or notes by the airports in reliance thereon shall not in any manner constitute a pledge of the full faith and credit and taxing power of the State. Additionally, allocations under this section

are subject to the availability of funds appropriated to the Airport Improvement Program. A security interest shall not be granted in funds allocated under this section. (2019-199, s. 4(a); 2021-180, s. 41.12(b).)