

TO: AIRPORT COMMISSION

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SUBJECT: Legislative Update

DATE: May 8, 2025

FEDERAL

Fiscal Year 2025 Federal Appropriations

On March 23, 2025, the \$1.2 trillion federal omnibus appropriation bill was signed into law, funding the federal government through the end of the federal fiscal year, September 30, 2025. The bill includes funding for additional Transportation Security Officers and 300 new Customs and Border Protection (CBP) Officers, pay equity for all TSA employees, and TSA exit lane staff at airports. However, it does not include funding for law enforcement officer reimbursement grants or support for state and local-led canine teams. The bill also significantly reduces funding for security screening technologies, like computed tomography and credential authentication systems.

Fiscal Year 2026 Federal Budget

On May 2, 2025, the White House released a top-level budget proposal for \$1.45 trillion.

- For the FAA, the proposal calls for increasing funding by \$359 million to \$13.8 billion, to increase salaries, hire and train air traffic controllers, and update the FAA equipment and systems.
- For the Transportation Security Administration (TSA), the proposal includes a \$247 million funding cut for the TSA, “consistent with the President’s goal to reduce wasteful government spending and abuse of government programs.” The document justifies this reduction by stating: “TSA’s consistent failures in audits, its intrusive screening measures, and the agency allowing illegal migrants to fly into the interior of the United States without proper documents.”

Grants

- FAA has resumed distributing grant funding.
- The U.S. Department of Transportation (DOT) issued new requirements for grant assurances for Airport Improvement Program (AIP) and Infrastructure Investment and Jobs Act (IIJA) grants, including Airport Infrastructure Grants (AIG) and Airport Terminal Program (ATP). These [modifications](#) include:

- Modified civil rights provisions.
- Modified language regarding federal anti-discrimination laws including certification that sponsors do not “operate any programs promoting diversity, equity, and inclusion (DEI) initiatives that violate any applicable Federal anti-discrimination laws.”
- New language requiring that sponsors ensure that “Federal funding is expended in full accordance with the United States Constitution, Federal law, and statutory and public policy requirements: including but not limited to, those protecting free speech, religious liberty, public welfare, the environment, and prohibiting discrimination; and the Sponsor will cooperate with Federal officials in the enforcement of Federal law, including cooperating with and not impeding U.S. Immigration and Customs Enforcement (ICE) and other Federal offices and components of the Department of Homeland Security in and the enforcement of Federal immigration law.”
- New language requiring that sponsors “cooperate with FAA activities installing, maintaining, replacing, improving, or operating equipment and facilities in or supporting the National Airspace System” with significant financial penalties for violations.
- The City of San José is evaluating these provisions, as they apply not only to the Airport but also to other transportation and federal grant programs.

Real ID

- May 7, 2025, marked the rollout of the requirement for travelers to use a REAL ID at the checkpoints.
- Secretary Noem stated that 81 percent of travelers have REAL ID compliant documents. TSA is handing out notices to individuals without REAL ID and implementing enhanced screening techniques.
- San José Airport did not experience any significant impacts.

Other Noteworthy Items

- Local governments are advocating to preserve the tax-exempt status of municipal bonds.
- Federal offers for voluntary deferred resignations:
 - DOT/FAA: 1,100 individuals applied for the first round and another 4,700 or so applied for the second round
 - TSA: Approx 240 individuals
- On May 8, 2025, Secretary Duffy proposed investing tens of billions of dollars to modernize the nation’s Air Traffic Control (ATC) system over the next three to four years, pending Congressional approval.
- DOT is soliciting input on regulations that can be modified or repealed.

Key Federal Dates

- September 30, 2025 – End of Federal Fiscal Year
- December 31, 2025 – Tax Cuts Expire
- September 30, 2026 – Federal Highway Programs Expire
- September 30, 2028 – Current FAA Programs/Taxes Expire

STATE

Select state legislation that the California Airports Council is supporting:

- AB 1150 (Schultz) – Authorizes airports to increase the daily maximum customer facility charge collected from rental car customers from \$9 to \$12 per day. This increase is optional for airports and subject to allowable usage rules.
- AB 839 (B. Rubio) – Aims to accelerate the development of in-state sustainable aviation fuel (SAF) production capacity.
- AB 394 (Wilson) – Increases legal protections for public transportation employees or contractors against battery.

Select state legislation that the California Airports Council is opposing:

- AV 339 (Ortega) – Requires local public agencies to provide 120 days' notice before issuing a request for proposal, quote, or renewing/extending contracts for services that overlap with represented job classifications.
- AB 914 (Garcia)/SB 319 – Expands California Air Resources Board's (CARB) authority to regulate indirect source emissions. This could potentially affect federal funding programs that support low emission vehicles such as Zero Emission Vehicle (ZEV) and Voluntary Airport Low Emission (VALE).