

Representative Katy Hall proposes the following substitute bill:

LOCAL GOVERNMENT AIRPORT ORDINANCES

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Katy Hall

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the rights of municipal airports with respect to ground leases with private parties.

Highlighted Provisions:

This bill:

▶ in certain circumstances, requires a municipal airport that enters into a ground lease with a private party lessee to pay the private party lessee fair market value for the private party lessee's improvements, including hangars, installed on the leased property.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

72-10-207, as last amended by Laws of Utah 2020, Chapter 377

Be it enacted by the Legislature of the state of Utah:



26 Section 1. Section 72-10-207 is amended to read:

27 **72-10-207. Powers of department and political subdivisions over airports --**

28 **Security unit.**

29 (1) The department, and counties, municipalities, or other political subdivisions of this
30 state that have established or may establish airports or that acquire, lease, or set apart real
31 property for those purposes, may:

32 (a) construct, equip, improve, maintain, and operate the airports or may vest the
33 authority for their construction, equipment, improvement, maintenance, and operation in an
34 officer of the department or in an officer, board, or body of the political subdivision;

35 (b) adopt rules, establish charges, fees, and tolls for the use of airports and landing
36 fields, fix penalties for the violation of the rules, and establish liens to enforce payment of the
37 charges, fees, and tolls, subject to approval by the commission;

38 (c) lease the airports to private parties for operation for a term not exceeding 50 years,
39 as long as the public is not deprived of its rightful, equal, and uniform use of the facility;

40 (d) lease or assign space, area, improvements, equipment, buildings, and facilities on
41 the airports to private parties for operation for a term not exceeding 50 years;

42 (e) subject to Subsection (2), lease or assign real property comprising all or any part of
43 the airports to private parties for the construction and operation of hangars, shop buildings, or
44 office buildings for a term not exceeding 50 years, if the projected construction cost of the
45 hangar, shop building, or office building is \$100,000 or more; and

46 (f) establish, maintain, operate, and staff a security unit for the purpose of enforcing
47 state and local laws at any airport that is subject to federal airport security regulations.

48 (2) (a) Subject to Subsection (2)(b), a municipal airport in a county of the second
49 through sixth class that enters into a ground lease with a private party lessee shall, upon
50 termination of the ground lease, pay the private party lessee the fair market value of the
51 improvements, including hangars, that the private party lessee installed on the leased property
52 if:

53 (i) (A) the ground lease allowed the private party lessee's installation of the
54 improvements on the leased property;

55 (B) the private party lessee is current on the lease payments; and

56 (C) the municipal airport does not offer the private party lessee the right of first refusal

57 to renew the ground lease or enter into a new ground lease at the current market rate; or

58 (ii) (A) the ground lease incorporates a municipal code or ordinance into the ground
59 lease by reference;

60 (B) after the private party lessee installs improvements on the leased property, the
61 municipality amends the municipal code or ordinance that is incorporated into the ground lease
62 by reference; and

63 (C) the amendment to the municipal code or ordinance deprives the private party lessee
64 of the value of the private party lessee's investment in the improvements that the private party
65 lessee installed.

66 (b) Fair market value under Subsection (2)(a) shall not be discounted based on the
67 termination of the ground lease on which the improvements were installed.

68 ~~[(2)]~~ (3) The department or political subdivision shall pay the construction, equipment,
69 improvement, maintenance, and operations expenses of any airport established by them under
70 Subsection (1).

71 ~~[(3)]~~ (4) (a) If the department or political subdivision establishes a security unit under
72 Subsection (1)(f), the department head or the governing body of the political subdivision shall
73 appoint persons qualified as peace officers under Title 53, Chapter 13, Peace Officer
74 Classifications, to staff the security unit.

75 (b) A security unit appointed by the department or political subdivision is exempt from
76 civil service regulations.

77 (c) If the department or political subdivision establishes a security unit under
78 Subsection (1)(f), the department head or the governing body of the political subdivision:

79 (i) may allow peace officers or other workers to assist with airport operations and
80 vehicle and traffic flow; and

81 (ii) may not allow peace officers or other workers to:

82 (A) unreasonably impede or obstruct traffic;

83 (B) create unsafe traffic situations; or

84 (C) intimidate vehicle drivers or airport passengers.