

**Department of Planning and Budget**  
**2005 Fiscal Impact Statement**

**1. Bill Number** HB1603

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Fralin

**3. Committee** Finance

**4. Title** Retail Sales and Use Tax; Low-Cost Airline Incentive Program, created.

**5. Summary/Purpose:** Takes \$5 million per year for three years from the Commonwealth Airport Fund to be used by the Department of Aviation to award grants to nonhub and small hub Virginia airports to provide incentives for service by low-cost airlines.

**6. Fiscal Impact Estimates are:** PRELIMINARY; see item 8 below.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** The proposed legislation would divert funds currently used to plan and develop the aviation infrastructure of the Commonwealth. According to the Department of Aviation, diverting \$5.0 million from the Commonwealth Airport Fund will impact the air carrier and reliever airports by \$2.0 million (discretionary capital project funding), the entitlement program (capital improvement projects) by \$2.0 million and general aviation airports (discretionary capital project funding) by \$1.0 million. For example, if \$5.0 million had been diverted in fiscal year 2005, about 28 capital improvement projects would not have been funded, and the entitlement funding would have been \$2.0 million lower.

**9. Specific agency or political subdivisions affected:** Department of Aviation and airports statewide.

**10. Technical amendment necessary:** No.

**11. Other comments:** It is not yet known if federal restrictions would inhibit these type of subsidies in relation to the state remaining eligible for federal grant funding.

**Date:** 01/19/05 / jgc

**Document:** G:\2005\EFIS\Posted\HB1603.DOC

cc: Secretary of Transportation