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HOUSE BILL NO. 1602**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the Senate Committee on Finance and Appropriations
on February 19, 2020)

(Patron Prior to Substitute—Delegate Austin)

A *BILL to amend the Code of Virginia by adding a section numbered 2.2-2320.1, relating to the Virginia Tourism Authority; Governor's New Airline Service Incentive Fund.*

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 2.2-2320.1 as follows:

§ 2.2-2320.1. Governor's New Airline Service Incentive Fund.

A. There is hereby created in the state treasury a special nonreverting fund known as the Governor's New Airline Service Incentive Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of a biennium shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used, in the sole discretion of the Governor, for grants to airlines serving local, regional, national, and international airports in Virginia as provided in subsection B. Revenues in the Fund shall be used to support the development of additional commercial air services in the Commonwealth, provided that such service advances the goals established in the commercial air service plan most recently adopted pursuant to § 5.1-2.2:2. Prior to the use of funds pursuant to this section, the Virginia Tourism Board shall certify that the use of such funds cannot reasonably be anticipated to result in the reduction of existing commercial air service at another airport located within the Commonwealth. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Executive Director of the Authority.

B. The Fund shall be used by the Governor to provide or assist in the provision of marketing, advertising, or promotional activities by airlines in connection with the launch of new air passenger service at Virginia airports, and to incentivize airlines that have committed to commencing new air passenger service in Virginia. The Authority, in consultation with the Secretary of Transportation and the Governor, shall develop guidelines for grant eligibility. The guidelines may require that as a condition of receiving any grant from the Fund an airline enter into a performance agreement or memorandum of understanding with the Commonwealth setting a minimum number of nonstop roundtrip flights per week, a minimum number of nonstop roundtrip flights within 12 months of the start date of new air service, or a minimum passenger load factor or any combination thereof, and provide that any grant received by an airline shall be repaid by the airline or reduced proportionately if such conditions are not met.