

## Department of Planning and Budget 2017 Fiscal Impact Statement

**1. Bill Number:** SB 1417

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

**2. Patron:** Newman

**3. Committee:** Transportation

**4. Title:** Commercial Air Service Plan.

**5. Summary:** This bill requires the Virginia Aviation Board to develop and review every five years a commercial air service plan, establish regional air service goals, and requires the Virginia Aviation Board to consider airport compliance/progress toward the goals prior to allocation of funds from the Commonwealth Airport Fund.

**6. Budget Amendment Necessary:** Yes, Item 441.

**7. Fiscal Impact Estimates:** Preliminary. See Item #8.

**8. Fiscal Implications:** There are nine commercial air service airports in Virginia: Charlottesville-Albemarle, Ronald Reagan Washington National, Washington Dulles, Lynchburg Regional, Newport News Williamsburg International, Norfolk International, Richmond International, Roanoke-Blacksburg International, and Shenandoah Valley Regional.

This legislation focuses on the development of a commercial air service plan with regional markets in coordination with the nine commercial air service airports in Virginia. The proposal also stipulates that distribution of funding from the Commonwealth Airport Fund is dependent on the air carrier airports within a regional travel market coordinating with their competing airports in those markets. Requested funds must be consistent with the air service plan.

The legislation does not specify what funding would be contingent on such coordination. The Commonwealth Airport Fund, per § 58.1-638(A)3, consists of two components, entitlement and discretionary, each with specified allocation ratios. Entitlement funds are used by commercial air carrier airports to reduce their costs per passenger enplanement, improving their ability to attract and/or retain commercial air service. The entitlement funds are distributed to the air carrier airports without being requested. Discretionary funds are awarded to air carrier airports based on a prioritization of their six-year Airport Capital Improvement Plan needs. Most of the commercial service airport capital projects are funded by matching Federal Aviation Administration grants. A reduction in entitlements to commercial service airports may affect airports' ability to maximize available federal dollars and delay airport development.

The proposal calls for the development every five years of a commercial air service plan, which would include establishing regional travel markets, analysis of current and future trends, establishing goals for each market, etc. Plan development would require a study estimated to cost between \$350,000 and \$500,000 every five years. The legislation does not specify the source for this funding.

**9. Specific Agency or Political Subdivisions Affected:** Department of Aviation, Virginia airport sponsors.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 1/23/2017

**Document:** Janet Vogelgesang G:\16-18\FIS 2017\SB1417.docx

cc: Secretary of Transportation