

Department of Planning and Budget 2020 Fiscal Impact Statement

1. **Bill Number:** HB1602

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Austin

3. **Committee:** Finance and Appropriations

4. **Title:** Airport Opportunity Fund; created.

5. **Summary:** Creates the Airport Opportunity Fund to be administered by the Department of Aviation to support the development and implementation of a national and international marketing program to expand the use of airports in the Commonwealth and provide incentives to expand the use of airports in the Commonwealth.

6. **Budget Amendment Necessary:** No

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

8. **Fiscal Implications:** This bill requires the Department of Aviation to support the development and implementation of a national and international marketing program to expand the use of airports in the Commonwealth and to develop guidelines concerning the award and use of incentives.

The department would need to hire a consultant to successfully develop the marketing program and estimates an initial one time cost of \$150,000 to \$250,000 to set up the program and \$75,000 annually to continue to administer it. The department estimates that the development and continuing review of guidelines for incentives will also require a consultant and have an initial one time cost of \$150,000 to \$250,000 to develop an application process and scoring system and \$75,000 annually to continue to review applications and determine awards. The department also estimates the additional work for creating and administering these programs, will also require work from existing staff who will be required to take time from other programs to develop and administer the two programs.

These cost estimates reflect only the costs to develop a marketing plan and guidelines for awarding incentives. The cost of successfully carrying out the marketing plan and the value of the incentives awards are indeterminate but could each cost as much as \$1 million annually. Any funds diverted from the Commonwealth Aviation Fund to the new Airport Opportunity Fund, including year-end cash balances, would require the Department and Board of Aviation to divert resources away from funding capital improvements at Virginia's airports.

It is anticipated that any costs associated with the administration of awards from the Fund can be absorbed within existing resources by the Virginia Tourism Authority.

9. Specific Agency or Political Subdivisions Affected: Department of Aviation, Virginia Tourism Authority

10. Technical Amendment Necessary: Yes, Line 11, strike “Airline” and insert “Airport”

11. Other Comments: The House included an amendment to the budget, HB30, that provides authority to transfer up \$2,000,000 GF each year from Item 112 A (Economic Development Incentive Payments) to the Fund for projects identified for funding under this program.

The Senate included an amendment to the budget, SB30, that provides \$825,000 GF per year under the Virginia Tourism Authority for the Governor’s New Airline Service Incentive Fund, as created in SB990.