

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: Passed Both Houses

4. Title: Virginia Tourism Authority; Governor's New Airline Service Incentive Fund.

5. Summary: This bill creates the Governor's New Airline Service Incentive Fund to be administered by the Virginia Tourism Authority to support the local, regional, national, and international airports in Virginia by providing the means for attracting new passenger air service routes by advertising and promoting new air service routes that would commence in Virginia. 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 in order to incentivize airlines that have committed to commencing new air passenger service in Virginia. The bill provides that the Secretary of Transportation, in consultation with the Secretary of Commerce and Trade and the Secretary of Finance, shall develop guidelines and criteria to be used in awarding grants from the Fund.

6. Budget Amendment Necessary: See item 8.

7. Fiscal Impact Estimates: Preliminary, see item 8.

8. Fiscal Implications: It is anticipated that any costs associated with the administration of the Fund can be absorbed within existing resources by the Virginia Tourism Authority. However, a budget amendment will be needed to operationalize the Fund. Conference amendments to HB30/SB30 provide \$425,000 in FY 2021 and \$825,000 in FY 2022 from the general fund to establish the Governor's New Airline Service Incentive Fund.

The bill requires that the Fund be on the books of the State Comptroller; however, the Virginia Tourism Authority does not have access to this system. A fiscal agent will be required, similar to the administration of the Governor's Motion Picture Opportunity Fund, another program overseen by Tourism. Currently, the Division of Selected Agency Support Services within the Office of the Governor serves as fiscal agent for Tourism. The division anticipates that it will be able to absorb impacts associated with serving as the fiscal agent for this new Fund.

9. Specific Agency or Political Subdivisions Affected: Virginia Tourism Authority; Secretary of Transportation; Office of the Governor; Virginia Aviation Board.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is the companion to SB990.