



January 13, 2020

Senate Budget and Taxation Committee
Miller Senate Building, 3 West Wing
11 Bladen St.
Annapolis, MD 21401

Testimony: SB 121 SBY Regional Airport, Salisbury, MD

Thank you, Chairmen- for allowing my testimony before the Senate Budget and Taxation Committee. My name is Dawn Veatch, I am the manager for SBY Regional Airport, in Salisbury, Md. As an aviator for over 40 years, I have experienced the forever changing dynamics of general aviation. The current pilot shortage is a great example.

These factors are why I am providing written testimony before this Senate Committee – SB-121 is not a tax relief bill, it **is a jobs bill**.

- Maryland is the only state on the mid-Atlantic coast of the United States that continues to tax- [See attachment](#)
- Virginia passed legislation in 2017 to rid VA of that tax and they were the last neighboring state to tax the general aviation community.
- The surrounding states are all tax-exempt.
- Our customers have left to have their aircraft maintenance in other non-tax states.
- Cessna 172 has an annually required inspection that will cost around \$1140 and \$21,000 for an engine overhaul

NOTE: All Economic Data was provided by Martin Associates. Maryland State Aviation Administration uses there data for the State Economic Impact. SBY contracted them for this data.

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- Gulfstream IV would be \$326,000 and an engine overhaul is \$220,000 per engine (not required annually).
- Maintenance technicians that perform these services are highly trained and skilled. An annual salary for a technician is \$43,000-\$68,000.

IMMEDIATE IMPACT-

To summarize the three contracts we are negotiating at SBY Regional Airport and need a favorable report- [See attachment](#)

Jobs-	420
Revenue-	\$60.4Million
State/Local Tax-	\$5.5Million

- **Published a Request for Proposals- Fixed Base Operator (FBO).** to build a 38,000 sq.ft. Hangar with 10,000 sq.ft. of office space for rent. We received zero proposals. If a company had bid, they would provide for 67 jobs, revenue of \$12.8M and \$1.1M in state and local taxes.
- **In support of our newly designated FEMA Staging Area for the Delmarva, a lucrative maintenance and cargo** contract would bring aircraft to SBY Regional Airport. If this new company were to be located at SBY Regional Airport it would provide 300 jobs and \$37M in revenues and \$3.4M in state and local taxes.
- **UAS/Drone Center for Innovation** is under construction. This new aviation activity will be taxed as a GA maintenance. The economic impact will be 53 jobs, \$10.6M in revenues and almost \$1M in state and local taxes. It also stifles our proposed Drone MFG facility.

Several contract negotiations are pending the outcome of the passage of SB 121 and HB 16.

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Current Loss since 2018-

- 2018 - Flight Training School that wanted to relocate from NJ to SBY is a pilot feeder school for Piedmont Airlines. Their relocation plan is no longer pending, they chose another state. SBY lost about \$500,000 in revenue and about 23-25 highly paid pilot/instructors and maintenance technicians.
- 2019 - Sky Night LLC withdrew their letter of intent to establish a Corporate Jet Center with the construction of a 38,000 sqft hangar and 10,000 sqft of office space. They would have provided the needed maintenance and avionics support our airport desperately needs.
- Our state aviation industry has suffered by the loss of an aviation maintenance technician school to Georgetown, Delaware instead of Salisbury, Maryland

SBY Regional Airport is a public-use, commercial airport with 6,744 scheduled airline operations, over 14,000 military aircraft operations and 50,151 general aviation aircraft operations. We are without any aviation maintenance except for Piedmont Airlines for their aircrafts.

State Congressional Leadership cannot continue to deter aviation growth in our state. The Unmanned Aircraft Systems (UAS) industry is flourishing and they fall under the general aviation tax laws. Our hopes of filling our UAS hangar and our proposed UAS manufacturing facility, will not be realized without this jobs bill being passed.

Maryland's airport system, consists of more than BWI and Martin State Airport, as SBY Regional Airport is the 2nd largest air carrier and general aviation airport in Maryland plus 34 other airports.

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Maryland Economic Data for General Aviation Airports

9,929	Direct and indirect jobs (excluding BWI)
2,610	Indirect jobs
\$1.1B	Total Economic Activity
\$867M	Business Revenue from Aircraft handling and Servicing of aircraft.
\$272M	Local Purchases by Airport Tenants

This would increase significantly if our aviation maintenance facilities were restored by lifting the only tax on the east coast.

We have lost our aviation maintenance industry to neighboring states. It is time to bring those businesses and employment opportunities back to Maryland.

For these reasons, your constituency and the Maryland aviation industry respectfully request this Committee grant Senate Bill-121 a favorable report.

Most Respectfully,

Dawn R.H. Veatch
SBY Regional Airport Manager
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2020 Economic Impact Data

Senate SB121

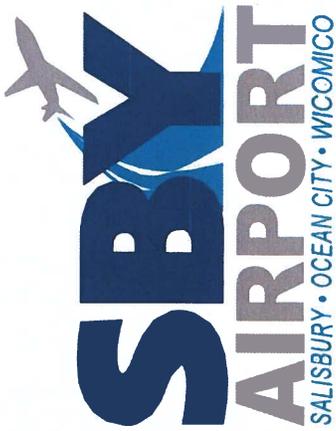
House HB 16

All Economic Data was provided by Martin Associate and/or MDOT

1/13/2020

Prepared by Dawn Veatch





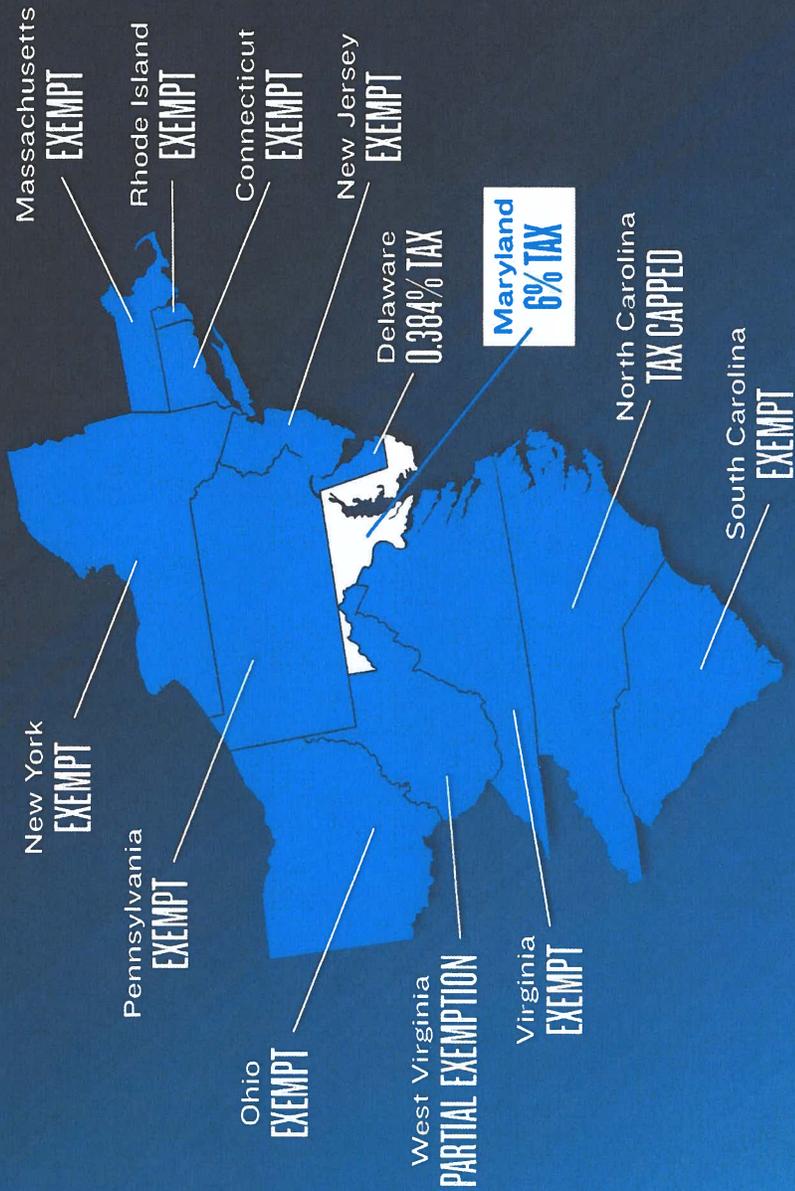
Maryland
the only state
that deters
aviation
growth

1/13/2020



**EAST COAST
 TAX COMPARISON.**

General Aviation is a mobile industry, and state sales tax matters greatly when it comes to where aircraft operators choose to maintain and base their aircraft. While convenience is a chief concern, expense is the principal motive—even if it means leaving or skipping over Maryland to save money in neighboring states. To be competitive in a region with aviation-friendly states, Maryland's tax rate needs to re-examined.





Economic Impact SBY Regional Airport

Direct/Indirect Impacts

	2014	2019
– Jobs-	1370	1620
– Business Revenue-	\$84M	\$78M 
– Personal Income & Revenue	\$65M	\$84M
– State and Local Taxes	\$ 7M	\$15M
– Local Purchasing -	\$25M	\$28M



Joint Use FEMA/Cargo

(2019 FEMA designated SBY as a FEMA Staging area for Delmarva)

Cargo & FEMA Facility		Total
Impact Summary		
Jobs		
Direct Jobs	148	
Induced Jobs	62	
Indirect Jobs	91	
Total Jobs	300	
Personal Income (\$1,000)		
Direct	\$5,230	
Induced	\$5,156	
Indirect	\$4,834	
Total	\$15,220	
Business Revenue (\$1,000)	\$22,706	
Local Purchases (\$1,000)	\$11,210	
State and Local Taxes (\$1,000)	\$3,439	

Direct/Indirect Impacts- Cargo 2021	2019	2021	Incre
Jobs-	1620	+300	18%
Bus Rev-	\$78M	+\$22M	28%
Pers. Inc/Rev	\$84M	+\$15M	17%
State/LocalTax	\$15M	+\$3.4M	22%
Local Purch. -	\$28M	+\$11M	39%

Total Investment \$15M

Net Local Investment \$1M
 FAA/MAA AIP Funding \$8M
 PPP/FEMA \$6M



Corporate Jet Center

(On Hold pending HB 16 & SB 121 passage)

Corporate Jet Center Impact Summary		Total
Jobs		
Direct Jobs	32	
Induced Jobs	15	
Indirect Jobs	19	
Total Jobs	67	
Personal Income (\$1,000)		
Direct	\$1,478	
Induced	\$1,435	
Indirect	\$993	
Total	\$3,906	
Business Revenue (\$1,000)		
	\$8,987	
Local Purchases (\$1,000)		
	\$2,291	
State and Local Taxes (\$1,000)		
	\$1,143	

Direct/Indirect Impacts- Jet Ctr 2021

	2019	2021	Incre
Jobs-	1620	+67	4%
Bus Rev-	\$78M	+\$8.9M	11%
Pers. Inc. & Rev	\$84M	+\$3.9M	5%
State/Local Tax	\$15M	+\$1.1M	7%
Local Purch. -	\$28M	+\$2.2M	8%

Partner Investment \$6M



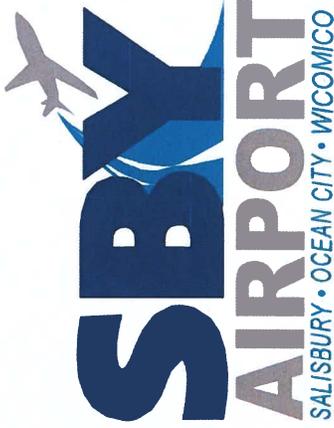
UAS/Drone Center of Innovation

(Under construction - Opens summer 2020)

Drone Center		On-site and Visitor Total
Impact Summary		
Jobs		
Direct Jobs		25
Induced Jobs		14
Indirect Jobs		15
Total Jobs		53
Personal Income (\$1,000)		
Direct		\$1,623
Induced		\$1,574
Indirect		\$740
Total		\$3,937
Business Revenue (\$1,000)		\$6,757
Local Purchases (\$1,000)		\$1,702
State and Local Taxes (\$1,000)		\$962

Direct/Indirect Impacts - UAS Ctr 2021			
	2019	2021	Incre
Jobs-	1620	+53	4%
Bus Rev-	\$78M	+\$6.7M	11%
Pers. Inc. & Rev	\$84M	+\$3.9M	5%
State/Local Tax	\$15M	+\$0.9M	7%
Local Purch.	\$28M	+\$1.7M	8%

Public-Partnership Investment \$1M



UAS Manufacturing

(Pending passage HB 16 and SB 121- Impacts UAS operations)

SBY Drone MFG updated 11/18/19			
Impact Summary	On-site	Visitor	Total
JOBS			
Direct Jobs	82	5	87
Induced Jobs	48	2	49
Indirect Jobs	51	2	53
Total Jobs	180	9	189
Personal Income (\$1,000)			
Direct	\$5,680	\$123	\$5,803
Induced	\$5,599	\$96	\$5,695
Indirect	\$2,685	\$85	\$2,770
Total	\$13,964	\$304	\$14,268
Business Revenue (\$1,000)	\$23,932	\$495	\$24,427
Local Purchases (\$1,000)	\$6,227	\$183	\$6,410
State and Local Taxes (\$1,000)	\$2,423	\$72	\$2,496

Current Tenants:

Aurora- purchased recently by Boeing Aircraft - Potential MFG

Sentinel Robotic Solutions- VA state commercial operations moved to SBY - Potential MFG

In discussion with 3 additional UAS companies.