



House of Delegates
House Office Building
6 Bladen St., Room 103
Ways and Means Committee
Annapolis, MD 21401

Testimony: HB 16 --SBY Regional Airport, Salisbury, MD

Chairmen Kaiser,

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.

For the past five years, I have testified before you. I have presented "what if" scenarios and how much we could potentially make or lose. These factors are why I am here today, providing testimony before this House Committee – HB 16 is not a tax relief bill, it is a jobs bill.

Maryland is the only state on the east coast of the United States that continues to tax the parts and labor for services performed on general aviation aircraft. And as everyone has stated since 2017, we are the only state remaining on the east coast imposing a deterrent to aerospace development.

Our students and highly skilled aviation constituents have to leave the state in order to find employment. Our industry is dying when in the rest of USA, it is booming. Some states are incentivizing aerospace development, yet we deter. The next generation of aerospace opportunities, Drones or UAS(unmanned aircraft system) will never reach their potential growth in Maryland, due to this job restricting tax.

Facts

These facts are specific examples of what happened in three years- since Virginia passed their relief bill.



1. **2017- Contour Avition** - Fixed Base Operator (FBO) that provides aircraft maintenance for all general aviation type aircraft, from Cessna's to Gulfstream corporate Jets, gave a Letter of Intent to build a 38,000 sq. ft. hangar at the SBY Regional Airport. They have a very lucrative maintenance contract with another company that will bring aircraft to SBY Regional Airport. – They withdrew their Letter of Intent, in part to the cost of the tax, but more so due to the lack of skilled mechanics.
2. **2018-Infinity Flight Training School** proposed to relocate from NJ to SBY as a pilot feeder school for Piedmont Airlines based in Salisbury. They chose another state. SBY lost about \$1.5 M in annual revenue and about 23-25 highly paid pilot/instructors and maintenance technicians.
3. **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. No mechanic workforce to pull from and the added tax discouraged their engagement.
4. **Summer 2019**, a Cessna 421 landed and blew a main gear tire. It took 5 hours to get our Delaware mechanic and equipment in place to remove the disabled aircraft from our runway. The airport was closed for five hours causing Piedmont/American Airlines to cancel five flights. The major loss of revenue to Piedmont, not to mention the major inconvenience to our passengers, **this is not acceptable.**
5. Our state aviation industry has suffered by the loss of an aviation maintenance technician school in Georgetown, Delaware instead of Salisbury, Maryland .

Congress 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 projections of filling our UAS hangar (under construction) and our proposed UAS manufacturing facility, will not be realized without this jobs bill being passed. SBY Regional Airport is a public-use, commercial airport with 6,744 scheduled airline operations, over 14,000 military aircraft operations, and 50,151 total general aviation operations per year. We do not have maintenance facilities to accommodate any maintenance service requirements, except for Piedmont Airlines-American Airlines' aircraft.



The Economic Impact at SBY Regional Airport

SBY contracted Martin Associates to prepare economic data for the three major projects for our specific airport. [See attached](#). Our UAS Center for Innovation is growing faster than we can build. These aircraft will be maintain under the general aviation requirements. Once that is in place, our industry will gravitate to other states, as did our general aviation aircraft.

Safety and Security for the Delmarva

Our airport was designated as a FEMA Staging Area for the Delmarva Peninsula. With this designation, in the event of a major disaster, our maintenance requirements would increase exponentially. Without the passage of HB16, we will not have proper maintenance facilities to support the aircraft in a major time of need.

Our citizens and aviation industry deserve the restoration of our aviation jobs and to be protected from harms way. Maryland's airport system, consists of more than Baltimore/Washington International Thurgood Marshall Airport (BWI). Our network of airports provide an economic engine to our communities. SBY Regional Airport, and 35 other general aviation airports, are responsible for over 12,539 direct and indirect jobs, supporting around \$867 million business/personal revenues, and \$1.1 billion in total economic activity. (this data excludes BWI). The potential is not reached, given the absence of our aviation maintenance facilities. Pilots and companies will not base their aircraft at an airport that does not have maintenance. The maintenance facilities increases number of based aircraft, which increases the number of hangars, which increases the number of gallons of fuel sold, and it goes on.

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 the Committee grant House Bill 16 a favorable report.

Respectfully,

Dawn R.H. Veatch

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2020 Economic Impact Data

House HB 16

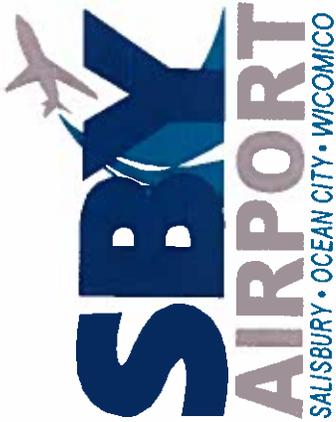
Senate SB121

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
Impact Summary		Total
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.