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Director of Government Affairs
House Bill 166 Written Testimony – Air Service Development Fund
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Hello and good morning Chairman Schuring, Vice Chairman Rulli, Ranking Member O'Brien, and all other members of the Senate General Government and Agency Review Committee. My name is John Rizzo, Director of Government Affairs for the Greater Akron Chamber. **I would like to formally provide the Chamber's support of the creation of an Air Service Development Fund within the state operating budget.**

As a regional economic development organization with long-standing interests in keeping Ohio competitive. The proposed Air Service Development Fund would call for \$15 million in the state budget to support new domestic and international air service, as well as increased capacity on existing routes. State incentive grants can then be leveraged with possible matching funds from the community, which would provide risk abatement funds to air carriers (i.e., airline revenue guarantees).

This would strengthen Ohio's competitiveness from an economic and workforce development perspective, allowing our growing regional and state economies to build upon existing momentum.

As you know, air service provides significant economic impacts to the region and state. **A recent analysis shows 19 U.S. states have developed air service incentive programs to attract new air service.** In many of these cases, states partner with local communities and the private sector to leverage matching funds to increase the scale of the incentive package.

While Federal Aviation Administration (FAA) regulations prohibit airports from directly subsidizing air carriers to provide service, many states and communities have partnered to develop air service incentive funds to support new air service, **which can provide over \$50 million in economic impacts for an international flight and \$30 million for a new domestic route.**

Unfortunately, Ohio is at a competitive disadvantage in terms of economic and workforce development as its neighbors have invested significant state dollars in attracting air service to enhance their business expansion, export growth, and talent attraction efforts.

Examples include:

- Indiana is investing \$5.5 million over two years for Delta Air Lines service from Indianapolis to Paris
- Indiana is investing \$1.5 million over two years from American Airlines service from South Bend to Dallas
- Pennsylvania is investing \$3 million over two years for British Airways flights between Pittsburgh and London.

The economic impacts of these flights are impressive to the impacted communities. The American Airlines flight from South Bend to Dallas is estimated to bring in \$10 million annually in economic impact to the South Bend community. The British Airways flight, from Pittsburgh to London, is estimated to generate \$57 million in economic impact and 560 jobs. Furthermore, a statewide study of the State of Wyoming's \$21.5 million air service incentive program found increased air service resulted in an economic impact of over \$523 million, or \$24 for every \$1 invested by the state.

As Ohio continues to compete with other states for economic and workforce development, air service is a crucial decision-making factor for businesses and talent in deciding where to locate. As the Chamber works with our regional and state partners, we consistently hear concerns about the limited options with regard to flights to and from Northeast Ohio. A recent study ranked 'ease of access' to international destinations as the 5th most important factor in attracting talent to a State or region. Additionally, 70% of expanding companies identified 'air connectivity' as an important factor in their decision-making process (i.e., one of Top 5 considerations). This finding is particularly true for businesses who have complex supply chains, many of whom are naturally drawn to Ohio for its market access and ground logistics advantages.

It is for these reasons that the Greater Akron Chamber supports the creation of the proposed Air Service Development Fund within the state operating budget. As your committee considers this proposal, please feel free to contact me with questions. Thank you for your time and consideration of this critical economic and workforce development tool.