

North Carolina Airport Economic Development Fund



North Carolina's aviation-related economic development efforts received a much-needed boost from the 2015 North Carolina Competes Act (revised in 2017), which directed that state taxes collected on aviation gasoline and jet fuel be dedicated for time-sensitive aviation capital improvement projects on general aviation airports for economic development purposes.

The North Carolina Airport Economic Development Fund specifies the process by which those funds are allocated. It is a performance-based economic development program that considers both economic and fiscal impacts. Economic impact modeling techniques are applied to data collected from affected business(es) to model the estimated income, employment and net effect on revenue to the state's General Fund that will result from projects that apply for funding. That analysis helps identify and support projects that benefit the community and state.

LEGISLATION. The enabling law, passed by the 2015 Session of the General Assembly of North Carolina, Section 4.1(d) of House Bill 117: North Carolina Competes Act and revised by the 2017 Session, Section 34.21(a) of Senate Bill 257, states:

§ 105-164.44M. Transfer to Division of Aviation. The net proceeds of the tax collected on aviation gasoline and jet fuel under G.S. 105-164.4 must be transferred within 75 days after the end of each fiscal year to the Highway Fund. This amount is annually appropriated from the Highway Fund to the Division of Aviation of the Department of Transportation for prioritized capital improvements to general aviation airports for time-sensitive aviation capital improvement projects for economic development purposes.

PROGRAM ADMINISTRATOR. The North Carolina Department of Transportation (NCDOT) Division of Aviation

PROGRAM OBJECTIVE. Fund infrastructure development projects in response to time-sensitive economic development needs that will generate economic impact in the local community and state.

AIRPORT ELIGIBILITY. Publicly owned and operated airports identified as general aviation at the date of application may apply for grant funding.

PROJECT ELIGIBILITY. Eligible projects must result in business expansion, relocation or other improvements that result in net job growth for the state. Grant funds must be used in a timely manner to help businesses



expand their operations or relocate to North Carolina. The funds cannot be applied to projects that would relocate a business within North Carolina unless new jobs are expected to be created as a result.

Projects can involve any combination of landside or airside projects:

- **Landside projects** typically include infrastructure accessed prior to security checkpoints and involve projects that expand the airport's capacity to process and manage passengers or cargo. Specific examples include land acquisition and the construction or expansion of terminal buildings, hangars, corporate offices, production facilities and road connections.
- **Airside projects** typically include infrastructure beyond security check points, where only passengers or authorized personnel receive access, that increase the capacity of the airport to handle aircraft movements; enhance capacity that increases the frequency, departure and range of routes from the airport; or decrease processing time for aircraft and reduce operating costs to pilots, companies and airlines. Specific examples include runway extensions, new taxiways, aircraft parking apron expansions, navigational aid equipment, lighting systems and pavement strengthening.

PROJECT SUBMISSION PROCESS. The North Carolina Project Summary Form must be submitted through the airport's NCDOT Division of Aviation airport project manager.

The form requests information on:

- **Project costs and sources of funding** (total project costs and funds requested from NCDOT and all other private, local, state or other funds).
- **Total jobs resulting** from the completion of the project (by job type over a 12-year time period).
- **Average salary** by job type.
- **Timeline** of expected project expenditures.

The submission must include a statement on company letterhead signed by a company executive stating that the airport project is a deciding factor for its increased business activity.

The Division of Aviation may request additional information to enable a thorough review of the proposed project.

QUANTITATIVE PROJECT EVALUATION. A quantitative benefit-cost analysis will be conducted upon receipt of the funding request. The primary evaluation metrics include: 1) amount of NCDOT Division of Aviation funds per job supported and 2) amount of annual employee earnings relative to the county mean wage per dollar of NCDOT Division of Aviation funds. Jobs that would have been added by the business without the airport project should not be included.

QUALITATIVE PROJECT EVALUATION. A qualitative project evaluation will be conducted to support the quantifiable business analysis. This will include a review of the significance of the project and characteristics of the airport.

These questions may include:

- Does the project address an important problem or a critical barrier to the airport?
- If the aims of the project are achieved, how will the airport's technical capability and infrastructure be improved?
- Is the project well suited to the airport?
- Has the airport demonstrated an ongoing record of economic success?
- Would these investments also signal to other businesses that the airport is business-friendly?
- Will the project have collaborative, complementary or rival benefits to other airports?
- Will the local economy contribute to the project's probability of success?
- Are current infrastructure, equipment and other physical resources available to the airport adequate for the project proposed?
- Will the project benefit from unique features of the economy, local population or collaborative arrangements?

LOCAL REQUIREMENTS. Airports that receive grant funds will be required to agree to the terms of the Project Grant Agreement along with appropriate state and federal grant assurances.

After the grant closes, the Division of Aviation will request reporting of the investments made and jobs generated as a result of the project annually for three years.