

SENATE BILL NO. 283—SENATORS RHOADS AND MATHEWS

MARCH 14, 2007

Referred to Committee on Finance

SUMMARY—Makes various changes related to recruiting, retaining, stabilizing and expanding regional commercial air service in the State. (BDR 18-885)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Contains Appropriation not included in Executive Budget.

CONTAINS UNFUNDED MANDATE (§ 7)
(NOT REQUESTED BY AFFECTED LOCAL GOVERNMENT)

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EXPLANATION – Matter in **bolded italics** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to economic development; establishing the Nevada Air Service Development Commission; setting forth the duties of the Commission; establishing the Nevada Air Service Development Fund; requiring the Commission to administer the Fund; establishing the criteria for awarding grants to certain airports from the Fund; making an appropriation to the Fund; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Sections 2-7** of this bill establish the: (1) Nevada Air Service Development
2 Commission, which is made up of the members of the Commission on Economic
3 Development and the Commission on Tourism; and (2) Nevada Air Service
4 Development Fund. The Commission will administer the Fund and award grants to
5 small airports located in this State for the purpose of recruiting, retaining,
6 stabilizing and expanding regional commercial air service within the State. Airports
7 that receive grants from the Fund must use the grants to pay the costs associated
8 with an agreement entered into between the airport and an airline carrier for the
9 airline carrier to commence or continue air service to the airport in exchange for a
10 guarantee of receiving certain revenue or subsidies from the airport or the local
11 government in the jurisdiction in which the airport is located. **Section 8** of this bill
12 makes an appropriation to the Nevada Air Service Development Fund.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 231 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 7, inclusive, of this act.

Sec. 2. *As used in sections 2 to 7, inclusive, of this act:*

1. *“Air carrier” means a person that provides commercial air transportation to passengers.*

2. *“Commission” means the Nevada Air Service Development Commission established by section 3 of this act.*

3. *“Fund” means the Nevada Air Service Development Fund established by section 5 of this act.*

Sec. 3. **1.** *There is hereby established a Nevada Air Service Development Commission, consisting of:*

(a) The members of the Commission on Economic Development appointed pursuant to NRS 231.040; and

(b) The members of the Commission on Tourism appointed pursuant to NRS 231.170.

2. *At the first meeting of each fiscal year, the Commission shall elect from among its members a Chairman, a Vice Chairman and a Secretary.*

3. *The Commission shall meet at least once each calendar quarter and at other times on the call of the Chairman or a majority of its members.*

4. *A majority of the members of the Commission constitutes a quorum for the transaction of all business of the Commission.*

Sec. 4. *The Commission shall:*

1. *Administer the Nevada Air Service Development Fund created by section 5 of this act.*

2. *Adopt such regulations as it determines to be necessary or advisable to carry out the provisions of sections 2 to 7, inclusive, of this act.*

Sec. 5. **1.** *The Nevada Air Service Development Fund is hereby established in the State Treasury as a special revenue fund.*

2. *The money in the Fund must be invested as the money in other state funds is invested. The interest and income earned on the money in the Fund, after deducting any applicable charges, must be credited to the Fund. Claims against the Fund must be paid as other claims against the State are paid.*

3. *The Commission may accept gifts, grants and donations from any source for deposit in the Fund.*

4. *The Commission may make grants of money from the Fund to airports that satisfy the criteria set forth in section 6 of this act.*



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1 **Sec. 6. 1. To apply to the Commission for a grant from the**
2 **Fund, an airport:**

3 **(a) Must be a commercial service airport that does not have**
4 **more passenger boardings on an annual basis than a small hub**
5 **airport;**

6 **(b) Must be certified by the Federal Aviation Administration**
7 **pursuant to 14 C.F.R. Part 139;**

8 **(c) Must be located more than 150 miles from the nearest**
9 **medium and large hub airports; and**

10 **(d) Must demonstrate to the Commission that air carriers**
11 **charge unreasonably high fares to service the airport or provide**
12 **insufficient service to the airport.**

13 **2. An application for a grant from the Fund must be in the**
14 **form prescribed by the Commission and must include, without**
15 **limitation:**

16 **(a) Commitments from an air carrier and the airport that if the**
17 **Commission awards the grant to the airport, the two parties will**
18 **enter into a written agreement that provides for the air carrier to**
19 **commence or continue air service to the airport in exchange for**
20 **receiving one of the guarantees set forth in subsection 1 of section**
21 **7 of this act;**

22 **(b) The cost and terms of the agreement between the air**
23 **carrier and the airport;**

24 **(c) The amount of, and method in which, the contribution**
25 **from the airport or governing body of the local government in the**
26 **jurisdiction in which the airport is located will be generated; and**

27 **(d) The amount of the grant for which the airport is applying.**

28 **3. As used in this section, the terms "large hub airport,"**
29 **"medium hub airport," "passenger boardings" and "small hub**
30 **airport" have the meanings ascribed to them in 49 U.S.C. § 47102.**

31 **Sec. 7. 1. A grant awarded from the Fund may only be**
32 **used by an airport to:**

33 **(a) Guarantee that an air carrier will receive an agreed**
34 **amount of revenue per flight that the air carrier operates in or out**
35 **of the airport;**

36 **(b) Guarantee that the air carrier will charge a reduced or**
37 **subsidized price to customers who use the air carrier to travel to or**
38 **from the airport; or**

39 **(c) Guarantee a profit goal for the air carrier that is**
40 **established by agreement between the air carrier and the airport.**

41 **2. An airport that receives a grant from the Fund must pay**
42 **with the grant 80 percent of the cost of the guarantee set forth in**
43 **the agreement between the air carrier and the airport. The**
44 **remaining 20 percent of the cost of the guarantee must be paid by**
45 **the airport or the governing body of the local government in the**



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jurisdiction in which the airport is located. The contribution to the cost of the guarantee from the airport or governing body of the local government must be in the form of money or in kind, or both. An in-kind contribution may be in the form of:

(a) A waiver or reduction in favor of the air carrier:

(1) In rent for use of the terminal;

(2) For landing fees; or

(3) For other airport charges or taxes; or

(b) Marketing and advertising services provided by the airport or local government to the air carrier.

Sec. 8. There is hereby appropriated from the State General Fund to the Nevada Air Service Development Commission for deposit in the Nevada Air Service Development Fund:

For the Fiscal Year 2007-2008.....\$1,000,000

For the Fiscal Year 2008-2009.....\$1,000,000

Sec. 9. The sums appropriated by section 8 of this act are available for either fiscal year. Any remaining balance of those sums must not be committed for expenditure after June 30, 2009, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 18, 2009, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 18, 2009.

Sec. 10. The provisions of NRS 354.599 do not apply to any additional expenses of a local government that are related to the provisions of this act.

Sec. 11. This act becomes effective upon passage and approval.

