

SENATE BILL NO. 125—SENATOR GOICOECHEA

FEBRUARY 9, 2015

JOINT SPONSOR: ASSEMBLYMAN ELLISON

Referred to Committee on Revenue and
Economic Development

SUMMARY—Makes various changes related to recruiting, retaining, stabilizing and expanding regional commercial air service in this State. (BDR 18-610)

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

CONTAINS UNFUNDED MANDATE (§ 10)
(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; creating the Nevada Air Service Development Commission; setting forth the duties of the Commission; creating 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; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Sections 2-10** of this bill create the: (1) Nevada Air Service Development
2 Commission, which consists of the Executive Director of the Office of Economic
3 Development within the Office of the Governor and the members of the
4 Commission on Tourism of the Department of Tourism and Cultural Affairs; and
5 (2) Nevada Air Service Development Fund. The Commission will administer the
6 Fund and award grants to the operators of small airports in this State for the
7 purpose of recruiting, retaining, stabilizing and expanding regional air service in
8 this State. Airports that receive grants from the Fund must use the grants to pay the
9 costs associated with an agreement entered into between the airport and an air
10 carrier for the air carrier to commence or continue air service to the airport in



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exchange for a guarantee of receiving certain revenue or subsidies from the airport operator or the local government that has jurisdiction over the airport. **Section 10** of this bill requires that an airport which receives such a grant or the governing body of the local government having jurisdiction over such an airport must pay 20 percent of the cost of such a guarantee, but does not indicate how such costs will be apportioned. Therefore, the governing body of such a local government could be required to pay for up to 20 percent of the cost of a guarantee even if the governing body did not consent to the application for or the acceptance of a grant.

Section 11 of this bill 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 10, inclusive, of this act.

Sec. 2. *As used in sections 2 to 10, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3, 4 and 5 of this act have the meanings ascribed to them in those sections.*

Sec. 3. *"Air carrier" means a person who provides commercial air transportation to passengers.*

Sec. 4. *"Commission" means the Nevada Air Service Development Commission created by section 6 of this act.*

Sec. 5. *"Fund" means the Nevada Air Service Development Fund created by section 8 of this act.*

Sec. 6. *1. There is hereby created the Nevada Air Service Development Commission, consisting of:*

(a) The Executive Director of the Office of Economic Development; 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 Chair, a Vice Chair and a Secretary.

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

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

Sec. 7. *The Commission shall:*

1. Administer the Fund; and

2. Adopt any regulations necessary or convenient to carry out the provisions of sections 2 to 10, inclusive, of this act.



1 **Sec. 8. 1.** *There is hereby created as a special revenue fund*
2 *in the State Treasury a Nevada Air Service Development Fund.*
3 *The Commission may accept gifts, grants and donations from any*
4 *source for deposit in the Fund.*

5 2. *The money in the Fund must be invested as other state*
6 *funds are invested. All interest earned on the deposit or investment*
7 *of the money in the Fund, after deducting any applicable charges,*
8 *must be credited to the Fund. Claims against the Fund must be*
9 *paid as other claims against the State are paid.*

10 3. *The Commission may make grants of money from the*
11 *Fund to airports that satisfy the criteria set forth in section 9 of*
12 *this act.*

13 **Sec. 9. 1.** *An airport may apply for a grant from the*
14 *Commission if the airport:*

15 (a) *Is a commercial service airport that does not have more*
16 *passenger boardings on an annual basis than a small hub airport;*

17 (b) *Is certified by the Federal Aviation Administration*
18 *pursuant to 14 C.F.R. Part 139;*

19 (c) *Is located more than 150 miles from the nearest medium*
20 *hub airport or large hub airport; and*

21 (d) *Demonstrates to the Commission that air carriers charge*
22 *unreasonably high fees to service the airport or provide*
23 *insufficient service to the airport.*

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

27 (a) *Commitments from an air carrier and the airport that if the*
28 *Commission awards the grant to the airport, the two parties will*
29 *enter into a written agreement that provides for the air carrier to*
30 *commence or continue air service to the airport in exchange for*
31 *receiving one of the guarantees set forth in subsection 1 of section*
32 *10 of this act;*

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

35 (c) *The amount of the contribution from the airport or the*
36 *governing body of the local government that has jurisdiction over*
37 *the airport pursuant to subsection 2 of section 10 of this act and*
38 *the method in which the money for such a contribution will be*
39 *generated; and*

40 (d) *The amount of the grant for which the airport is applying.*
41 3. *As used in this section, the terms "large hub airport,"*
42 *"medium hub airport," "passenger boardings" and "small hub*
43 *airport" have the meanings ascribed to them in 49 U.S.C. § 47102.*

44 **Sec. 10. 1.** *A grant awarded from the Fund may only be*
45 *used by an airport to:*



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

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

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

2. An airport that receives a grant from the Fund must pay with the grant 80 percent of the cost of a guarantee described in subsection 1. The remaining 20 percent of the cost of the guarantee must be paid by the airport or the local government that has jurisdiction over the airport. 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) Of 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. 11. 1. There is hereby appropriated from the State General Fund to the Nevada Air Services Development Commission the following sums for deposit in the Nevada Air Service Development Fund created by section 8 of this act:

For the Fiscal Year 2015-2016.....\$1,000,000

For the Fiscal Year 2016-2017.....\$1,000,000

2. Any balance of the sums appropriated by subsection 1 remaining at the end of the respective fiscal years must not be committed for expenditure after June 30 of the respective fiscal years 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 16, 2016, and September 15, 2017, respectively, 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 16, 2016, and September 15, 2017, respectively.

Sec. 12. 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.



1 **Sec. 13.** This act becomes effective upon passage and
2 approval.

