

1 **SENATE FLOOR VERSION**

February 26, 2020

2 **AS AMENDED**

3 SENATE BILL NO. 1826

By: Rosino and Bergstrom of the
Senate

4 and

5 Echols of the House

6
7
8 **[aircraft - Oklahoma Air Service Development Grant**
9 **Pilot Program - Oklahoma Air Service Development**
10 **Grant Pilot Program Revolving Fund - codification -**
11 **effective date]**

12
13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 371 of Title 3, unless there is
16 created a duplication in numbering, reads as follows:

17 This act shall be known and may be cited as the "Oklahoma Air
18 Service Development Grant Pilot Program".

19 SECTION 2. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 372 of Title 3, unless there is
21 created a duplication in numbering, reads as follows:

22 As used in the Oklahoma Air Service Development Grant Pilot
23 Program:

1 1. "Aircraft" means any contrivance now known, or hereafter
2 invented, used or designed for navigation of or flight in the air or
3 airspace;

4 2. "Airport" means an area of land or water that is used, or
5 intended to be used, for the landing and takeoff of aircraft, and
6 buildings and facilities, if any;

7 3. "Airport sponsor" means the owner of a publicly-owned
8 airport;

9 4. "Commercial air service" means the operation of a company
10 that provides scheduled air transport services to the state for
11 traveling passengers;

12 5. "Commercial service airport" means an airport meeting the
13 current Federal Aviation Administration definition for commercial
14 service airport;

15 6. "Municipality" means any incorporated city, village or town
16 of this state and any county or political subdivision or district in
17 this state, or any public trust thereof, which is, or may be,
18 authorized by law to acquire, establish, construct, maintain,
19 improve and operate airports, airstrips and aeronautical navigation
20 facilities;

21 7. "New airline service" means a commercial service carrier or
22 company that provides regularly scheduled new air transport services
23 to the state for traveling passengers and freight;

24

1 8. "Nonstop flight" means a flight made without intermediate
2 stops between source and destination;

3 9. "Primary airport" means a commercial service airport that
4 has more than ten thousand (10,000) passenger boardings each year;
5 and

6 10. "State" or "this state" means the State of Oklahoma.

7 SECTION 3. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 373 of Title 3, unless there is
9 created a duplication in numbering, reads as follows:

10 A. There is hereby created within the Department of Commerce,
11 in partnership with the Oklahoma Aeronautics Commission, the
12 Oklahoma Air Service Development Grant Pilot Program. The Oklahoma
13 Air Service Development Grant Program (OASDGP) is designed to offer
14 financial assistance by grant to private or public entities for the
15 purpose of assisting commercial air service development. Grant
16 funding is administered based on merit and the potential for a
17 specific project to enhance the state's economy. Grants are one-
18 time awards.

19 B. Grant funding can be used for commercial air service
20 development projects and include minimum revenue guarantees for
21 specific new routes, marketing and advertising of service, market
22 study and research projects to develop data for a business case for
23 new service, start-up cost offsets to reduce the cost of an airline
24 beginning service and other innovative risk sharing models to

1 support the introduction of new airline service in the state.
2 Grants must be used to recruit service in an airport-pair that has
3 no current, daily scheduled airline service. Grants may not be used
4 to support current routes or to recruit a second carrier to an
5 airport-pair.

6 C. Public, private and nonprofit entities within Oklahoma that
7 have sufficient financial and management capacity to complete the
8 requested project are eligible for funding under this program.

9 Eligible entities include:

- 10 1. Airport sponsors of publicly-owned airports;
- 11 2. Oklahoma municipalities;
- 12 3. Chambers of commerce; or
- 13 4. Community organizations that promote economic development.

14 D. Each application must include a detailed business plan with
15 supporting data for the proposed project. The business plan should
16 include:

- 17 1. Available passengers for the route, including local demand
18 and connecting demand;
- 19 2. Detail on available revenue;
- 20 3. Current and historical fare data relative to peers and how
21 the project will lower fares; and
- 22 4. Business demand for companies based in Oklahoma or doing
23 business in Oklahoma that may use the proposed route.

24

1 E. Projects with airline support will be considered first for
2 funding under this program. Airline support can be evidenced by a
3 letter - dated, signed and on airline letterhead - or other
4 communication directly from an airline stating its support for the
5 funding and its interest in the proposed route. An airline letter
6 of support is not required for funding to be allocated to a project
7 but will be used in prioritizing fund awards.

8 F. To be considered for state funding under this program,
9 applicants must demonstrate the ability to provide a minimum twenty
10 percent (20%) of all funding for the project through local sources.
11 Local funding should be dedicated to the project, and evidenced by
12 letters of commitment, before an application is submitted. Any
13 private enterprise or nonairport, nonmunicipal, nonprofit entity
14 must have a letter of credit to qualify for a grant without a public
15 partner.

16 G. Each application should include a narrative organized into
17 seven (7) sections:

- 18 1. A proposal summary;
- 19 2. Applicant organization description, history and ability to
20 fund the project;
- 21 3. Air service background and history of the airport/market;
- 22 4. Project description, target route and specific business plan
23 for service;
- 24 5. Timeline;

1 6. Budget, including local funding; and

2 7. Letters of support.

3 H. Applications will first be vetted for completeness. Any
4 application which does not include the information listed in
5 subsection G will be eliminated from consideration. Any application
6 that does not include local funding for at least twenty percent
7 (20%) of the project costs will be eliminated from consideration.
8 Any applicant that cannot demonstrate he or she is working with an
9 airport sponsor on the project will be eliminated from
10 consideration.

11 I. Once applications have been deemed to meet minimum
12 requirements, they will be evaluated for funding against each other,
13 with special attention paid to the following criteria in this order:

14 1. The viability of the business case for service and the
15 opportunity for service to be sustainable;

16 2. The need for the service in the community and region;

17 3. The challenges with current air service that could be
18 rectified with grant funding;

19 4. Share of local funding versus grant funding;

20 5. Airline support for the project;

21 6. Broad-based stakeholder support for the project; and

22 7. The ability to use the funding in a timely manner.

23 The Oklahoma Aeronautics Commission shall be part of this review
24 process. The state may request additional information from the

1 applicant and may require a written response from the applicant for
2 any outstanding questions. The state reserves the right to require
3 formal presentations from each applicant to explain the proposed
4 project.

5 J. The state will enter into a grant agreement contract with
6 recipients prior to distributing program funds. The agreement will
7 include:

- 8 1. The specific project receiving grant funding;
- 9 2. The maximum dollar amount of State funding;
- 10 3. Effective dates of the grant;
- 11 4. Rights to terminate the grant agreement;
- 12 5. Inspection and reporting requirements to verify project
13 status and expenditures; and
- 14 6. Conditions of disbursement of grant funds including
15 obligation to repay funds if the terms of the agreement are not met.

16 The grant agreement contract will require the awardee to provide
17 ongoing quarterly reports stating progress and detailing any
18 activity related to the project.

19 SECTION 4. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 374 of Title 3, unless there is
21 created a duplication in numbering, reads as follows:

22 There is hereby created in the State Treasury a revolving fund
23 for the Oklahoma Department of Commerce to be designated the
24 "Oklahoma Air Service Development Grant Pilot Program Revolving

1 Fund". The fund shall be a continuing fund, not subject to fiscal
2 year limitations, and shall consist of all monies received by the
3 Tax Commission which are specifically required by law to be
4 deposited in the fund, any public or private donations,
5 contributions and gifts received for the benefit of the fund and any
6 amounts appropriated by the Legislature. All monies accruing to the
7 credit of the fund are hereby appropriated and may be budgeted and
8 expended by the Department of Commerce for the purpose of funding
9 grants as provided in this act. Expenditures from the fund shall be
10 made upon warrants issued by the State Treasurer against claims
11 filed as prescribed by law with the Director of the Office of
12 Management and Enterprise Services for approval and payment.

13 SECTION 5. This act shall become effective November 1, 2020.

14 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
15 February 26, 2020 - DO PASS
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