

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 58th Legislature (2022)

4 ENGROSSED SENATE
5 BILL NO. 1461

By: Rosino of the Senate

and

Echols of the House

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9 An Act relating to aircraft; creating the Oklahoma
10 Air Service Development Grant Program; providing for
11 legislative findings; providing certain definitions;
12 providing for certain grant service for certain air
13 service development; providing for certain grant
14 application process; creating Oklahoma Air Service
15 Development Grant Program Revolving Fund; providing
16 for codification; and providing an effective date.

17 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

18 SECTION 1. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 411 of Title 3, unless there is
20 created a duplication in numbering, reads as follows:

21 This act shall be known and may be cited as the "Oklahoma Air
22 Service Development Grant Program".

23 SECTION 2. NEW LAW A new section of law to be codified
24 in the Oklahoma Statutes as Section 412 of Title 3, unless there is
25 created a duplication in numbering, reads as follows:

As used in the Oklahoma Air Service Development Grant Program:

1 1. "Aircraft" means any contrivance now known, or hereafter
2 invented, used, or designed for navigation of or flight in the air
3 or 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
20 navigation 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 413 of Title 3, unless there is
9 created a duplication in numbering, reads as follows:

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

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

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

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

8 Eligible entities include:

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

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

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

23 E. Projects with airline support will be considered first for
24 funding under this program. Airline support can be evidenced by a

1 letter, dated, signed, and on airline letterhead, or other
2 communication directly from an airline stating its support for the
3 funding and its interest in the proposed route. An airline letter
4 of support is not required for funding to be allocated to a project
5 but will be used in prioritizing fund awards.

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

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

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

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

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

- 12 1. The viability of the business case for service and the
13 opportunity for service to be sustainable;
- 14 2. The need for the service in the community and region;
- 15 3. The challenges with current air service that could be
16 rectified with grant funding;
- 17 4. Share of local funding versus grant funding;
- 18 5. Airline support for the project;
- 19 6. Broad-based stakeholder support for the project; and
- 20 7. The ability to use the funding in a timely manner.

21 The Oklahoma Department of Commerce shall be part of this review
22 process. The state may request additional information from the
23 applicant and may require a written response from the applicant for
24 any outstanding questions. The state reserves the right to require

1 formal presentations from each applicant to explain the proposed
2 project.

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

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

14 The grant agreement contract shall require the awardee to
15 provide ongoing quarterly reports stating progress and detailing any
16 activity related to the project.

17 SECTION 4. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 414 of Title 3, unless there is
19 created a duplication in numbering, reads as follows:

20 There is hereby created in the State Treasury a revolving fund
21 for the Oklahoma Aeronautics Commission to be designated the
22 "Oklahoma Air Service Development Grant Program Revolving Fund".
23 The fund shall be a continuing fund, not subject to fiscal year
24 limitations, and shall consist of all monies received by the Tax

1 Commission which are specifically required by law to be deposited in
2 the fund, any public or private donations, contributions and gifts
3 received for the benefit of the fund, and any amounts appropriated
4 by the Legislature. All monies accruing to the credit of the fund
5 are hereby appropriated and may be budgeted and expended by the
6 Oklahoma Aeronautics Commission for the purpose of funding grants as
7 provided in this act. Expenditures from the fund shall be made upon
8 warrants issued by the State Treasurer against claims filed as
9 prescribed by law with the Director of the Office of Management and
10 Enterprise Services for approval and payment.

11 SECTION 5. This act shall become effective November 1, 2022.
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13 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
14 04/11/2022 - DO PASS.
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