

An Act

ENROLLED SENATE
BILL NO. 1461

By: Rosino of the Senate

and

Echols of the House

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

SUBJECT: Oklahoma Air Service Development Grant Program

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

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

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

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

As used in the Oklahoma Air Service Development Grant Program:

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

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

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

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

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

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

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

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

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

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

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 413 of Title 3, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created within the Oklahoma Aeronautics Commission, the Oklahoma Air Service Development Grant Program. The

Oklahoma Air Service Development Grant Program (OASDGP) is designed to offer financial assistance by grant to private or public entities for the purpose of assisting commercial air service development. Grant funding is administered based on merit and the potential for a specific project to enhance the state's economy. Grants are one-time awards.

B. Grant funding can be used for commercial air service development projects and include minimum revenue guarantees for specific new routes, marketing and advertising of service, market study and research projects to develop data for a business case for new service, start-up cost offsets to reduce the cost of an airline beginning service, and other innovative risk sharing models to support the introduction of new airline service in the state. Grants must be used to recruit service in an airport-pair that has no current, daily scheduled airline service. Grants may not be used to support current routes or to recruit a second carrier to an airport-pair.

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

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

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

1. Available passengers for the route including local demand and connecting demand;
2. Detail on available revenue;

3. Current and historical fare data relative to peers and how the project will lower fares; and

4. Business demand for companies based in Oklahoma or doing business in Oklahoma that may use the proposed route.

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

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

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

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

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

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

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

The Oklahoma Department of Commerce shall be part of this review process. The state may request additional information from the applicant and may require a written response from the applicant for any outstanding questions. The state reserves the right to require formal presentations from each applicant to explain the proposed project.

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

1. The specific project receiving grant funding;

2. The maximum dollar amount of state funding;
3. Effective dates of the grant;
4. Rights to terminate the grant agreement;
5. Inspection and reporting requirements to verify project status and expenditures; and
6. Conditions of disbursement of grant funds including obligation to repay funds if the terms of the agreement are not met.

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

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

There is hereby created in the State Treasury a revolving fund for the Oklahoma Aeronautics Commission to be designated the "Oklahoma Air Service Development Grant Program Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Tax Commission which are specifically required by law to be deposited in the fund, any public or private donations, contributions and gifts received for the benefit of the fund, and any amounts appropriated by the Legislature. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Oklahoma Aeronautics Commission for the purpose of funding grants as provided in this act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

SECTION 5. This act shall become effective November 1, 2022.

Passed the Senate the 14th day of March, 2022.

Presiding Officer of the Senate

Passed the House of Representatives the 28th day of April, 2022.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____