AMENDED

February 25, 2010

**H. 4343**

Introduced by Reps. Wylie, Harrell, Cooper, Stringer, Merrill, Allen, Allison, Ballentine, Bannister, Bedingfield, Bowen, Cato, Cole, Daning, Dillard, Erickson, Forrester, Gunn, Hamilton, Hardwick, Hearn, Hiott, Horne, Huggins, Kelly, Kirsh, Littlejohn, Loftis, Millwood, Mitchell, Nanney, Norman, Owens, Parker, Scott, G.R. Smith, Sottile, Umphlett, White, Willis, T.R. Young, Lucas, Neilson, Bales, Clemmons, Weeks, Stavrinakis, Hutto and Viers

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Read the first time January 14, 2010.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill is not expected to increase or decrease general fund revenue in FY2010-11.

## Explanation

This bill would add Chapter 19 to Title 55 to establish the South Carolina Air Service Incentive and Development Fund (Fund) within the South Carolina Aeronautics Commission (Commission). The General Assembly would provide or appropriate monies to the fund not to exceed $15,000,000 per fiscal year. All expenditures from the fund shall be for a program to provide more flight options, more competition for air travel, and more affordable air fares for this State. The funds would be disbursed as grants by the commission to the regional economic development entities or air service development task forces as established by law. Each grant would be matched by the grantee on the basis of 75% from the fund and 25% from the grantee or local jurisdiction in which it is located. At the beginning of each regular session of the General Assembly, the commission shall present a report on the effectiveness of the program to the House Ways & Means Committee and the Senate Finance Committee. Monies in the fund may be carried forward from fiscal year to fiscal year and the interest earnings of the fund shall remain a part of the fund. In making annual awards, the secretary of the commission must give highest priority to maintaining affordable airfares to eastern and western United States destinations. High priority must be given to United States owned, publically-traded network carriers. Priority also must be given to proposals that impact a majority of South Carolinians.

*Approved By:*

William C. Gillespie

Board of Economic Advisors

1/ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING CHAPTER 19 TO TITLE 55 SO AS TO ESTABLISH THE SOUTH CAROLINA AIR SERVICE INCENTIVE AND DEVELOPMENT FUND UNDER THE SOUTH CAROLINA AERONAUTICS COMMISSION TO PROVIDE GRANTS TO REGIONAL ECONOMIC DEVELOPMENT ENTITIES OR AIR SERVICE DEVELOPMENT TASK FORCES TO PROVIDE MORE FLIGHT OPTIONS, MORE COMPETITION FOR AIR TRAVEL AND MORE AFFORDABLE AIR FARES FOR THE CITIZENS OF THE REGION AND THIS STATE, AND TO PROVIDE THE SELECTION CRITERIA AND SELECTION PROCESS FOR THESE GRANTS TO BE MADE FROM FUNDS PROVIDED TO OR APPROPRIATED FOR THE FUND BY THE GENERAL ASSEMBLY.

Amend Title To Conform

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Title 55 of the 1976 Code is amended by adding:

“CHAPTER 19

Air Service Incentive and Development Fund

Section 55‑19‑10. (A) There is established within the South Carolina Aeronautics Commission a fund which shall be known and referred to as the South Carolina Air Service Incentive and Development Fund and which shall be administered by the commission. The General Assembly in the annual general appropriations act or in other acts shall provide or appropriate monies for the South Carolina Air Service Incentive and Development Fund which in the aggregate shall not exceed the sum of fifteen million dollars. All expenditures from the fund shall be for a program to provide more air flight options, more competition for air travel and more affordable air fares for this State, including regional airports.

(B) The monies credited to the South Carolina Air Service Incentive and Development Fund shall be disbursed as a grant by the commission to regional economic development entities or air service development task forces as established by law and shall be used for the development and implementation of a program to provide more air flight options, more competition for air travel and more affordable air fares for this State. Each grant shall be matched by monies from the grantee or the local jurisdiction in which it is located, on the basis of seventy‑five percent from the South Carolina Air Service Incentive and Development Fund to twenty‑five percent from the grantee or the local jurisdiction in which it is located.

(C) Annually at the beginning of each regular session of the General Assembly commencing one year after the effective date of this chapter, the commission shall evaluate and present a report on the effectiveness of this program to the House Ways and Means Committee and the Senate Finance Committee which shall include a summary of the expenditures from the fund and local matching monies received under the program and the results obtained for such expenditures.

(D) Monies in the Air Service Incentive and Development Fund may be carried forward from fiscal year to fiscal year and earnings of the fund shall remain part of the fund.

Section 55‑19‑20. The Aeronautics Commission shall accept grant proposals on a fiscal year basis within available funds from the governing bodies of regional economic development entities or air service development task forces to accomplish the purposes of the program in accordance with the following guidelines:

(1) proposals shall specify how the program will provide more flight options, more competition for air travel, and more affordable air fares for the State of South Carolina. In this regard, an applicant shall demonstrate that due diligence has been conducted with respect to a proposal for funding. Due diligence must be documented with an analysis of feasibility from a professional air service consultant or a letter of intent from a commercial scheduled air carrier;

(2) proposals shall specify the amount of funding requested through the South Carolina Air Service Incentive and Development Fund and indicate the source of the required local match of twenty‑five percent;

(3) proposals shall specify how the program applicant will document the effectiveness of funding received under this program; and

(4) proposals also shall specify how expenditures and results from this program and local matching monies will be reported.

Section 55‑19‑30. (A) Grants from the South Carolina Air Service Incentive and Development Fund must be considered and may be awarded in accordance with the purposes of the program, which are more flight options, more competition for air travel, and more affordable air fares for this State. Selection criteria include the following:

(1) More air flight options including:

(a) number of scheduled, daily nonstop flights by commercial scheduled passenger air carriers to United States destinations;

(b) number of scheduled, daily one‑stop flights by commercial scheduled passenger air carriers to United States destinations;

(c) number of scheduled, daily one‑stop flights by commercial scheduled passenger air carriers to international destinations;

(d) number of connecting cities by a scheduled commercial passenger air carrier to United States destinations that are ranked in the region’s top twenty‑five markets in terms of origin and destination passengers;

(2) More competition for air travel including:

(a) number of scheduled, daily nonstop flights by commercial scheduled passenger air carriers to United States destinations served by two or more airlines;

(b) number of scheduled, daily one‑stop flights by commercial scheduled passenger air carriers to United States destinations served by two or more airlines;

(c) number of scheduled, daily one‑stop flights by commercial scheduled passenger air carriers to international destinations served by two or more airlines;

(d) average airfare for scheduled, connecting flights for the region’s top twenty‑five markets in terms of origin and destination passengers;

(3) More affordable air fares for South Carolina including:

(a) average airfare for scheduled, round‑trip, nonstop flights by commercial scheduled passenger air carriers to United States destinations;

(b) average airfare for scheduled, round‑trip, one‑stop flights by commercial scheduled passenger air carriers to United States destinations;

(c) average airfare for scheduled, round‑trip, one‑stop flights by commercial scheduled passenger air carriers to international destinations.

(B) In making awards, the Executive Director of the South Carolina Aeronautics Commission must give highest priority to maintaining affordable airfares to eastern and western United States destinations. High priority must be given to United States owned, publicly traded network carriers. Priority also must be given to proposals that impact a majority of South Carolinians.

Section 55‑19‑40. (A) The South Carolina Aeronautics Commission may borrow up to fifteen million dollars from the Insurance Reserve Fund to fund the South Carolina Air Services Incentive and development Fund. Any money borrowed from the Insurance reserve Fund must be repaid as prescribed herein. In any fiscal year following Fiscal Year 2010‑2011 in which the annual aircraft property tax revenues collected pursuant to Title 12, Chapter 33, Article 19 exceed six million dollars, the revenues in excess of six million dollars shall be used to repay the Insurance Reserve Fund instead of being paid into the State General Fund. The money borrowed from the Insurance Reserve Fund must be repaid together with interest calculated by the State Treasurer’s Office in an amount determined to approximate the lost investment earnings on the monies.

(B) If there are no outstanding loans pursuant to this section or any and all loans entered pursuant to this section have been fully repaid, in any fiscal year in which annual aircraft property tax revenues collected pursuant to Title 12, Chapter 33, Article 19 exceed six million dollars, the revenues in excess of six million dollars shall be paid into the South Carolina Air Services Incentive and Development Fund instead of being paid into the State General Fund.”

SECTION 2. This act takes effect upon approval by the Governor.

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