

Regular Session, 2014

HOUSE BILL NO. 1227

BY REPRESENTATIVES STOKES AND WILLMOTT AND SENATORS MARTINY
AND GARY SMITH

TAX/TAX REBATES: Establishes the Fly Louisiana Incentive Program to provide rebate
incentives for air carriers transporting international passengers

1 AN ACT

2 To enact Chapter 5 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of 1950, to
3 be comprised of R.S. 47:6500 through 6503, relative to rebate incentives for air
4 carriers transporting international passengers; to establish a program for such
5 incentives; to provide for qualifications of air carriers and conditions for earning the
6 rebates; to provide for calculation of the amount of the rebates; and to provide for
7 related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. Chapter 5 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of
10 1950, to be comprised of R.S. 47:6500 through 6503, is hereby enacted to read as follows:

11 CHAPTER 5. FLY LOUISIANA INCENTIVE PROGRAM

12 §6500. Fly Louisiana Incentive Program

13 Purpose. The legislature hereby recognizes the importance of international
14 business and tourism as an economic driver, and therefore declares the purpose of
15 this Chapter is to provide incentives to increase the number of international visitors
16 to the state to generate tax revenue and to enhance growth and prosperity within the
17 state.

1 §6501. Definitions

2 The following terms shall have the following meanings unless the context
3 clearly indicates otherwise:

4 (1) "Air carrier" means any commercial air carrier engaged in scheduled
5 operations as defined by the FAA.

6 (2) "Airport" means any primary commercial service airport as defined by
7 the FAA and located in this state with capacity for international flights.

8 (3) "Department" means the Department of Economic Development.

9 (4) "FAA" means the United States Department of Transportation, Federal
10 Aviation Administration.

11 (5) "Incremental international passenger" means an international passenger
12 that is in addition to the international passenger baseline for the subject airport. The
13 department shall further define incremental international passenger by rule or in
14 contract terms to exclude international passengers shifted from another airport in the
15 state.

16 (6) "International passenger" means a revenue passenger who either (a)
17 enplaned in scheduled service on an aircraft which originated its travel outside of the
18 United States and who deplaned, exclusive of stopover or connection, at the subject
19 airport, or (b) enplaned on a scheduled direct flight on an aircraft which originated
20 its travel at the subject airport to a destination outside of the United States, exclusive
21 of stopover or connection. The department may further define international
22 passenger by rule or in contract terms to effect the intent of this Chapter.

23 (7) "International passenger baseline" means the number of international
24 passengers deplaning at or departing from the subject airport during a twelve month
25 period.

26 (8) "Participating air carrier" means an air carrier entering into a contract
27 under this Chapter for a subject airport.

28 (9) "Secretary" means the Secretary of the Department of Economic
29 Development.

1 (10) "Subject airport" means an airport that is the subject of a contract with
2 a participating air carrier under this Chapter.

3 §6502. Contracts for air carriers for rebates for incremental international passengers

4 A. Beginning on July 1, 2014, the secretary may enter into a contract or
5 contracts with one or more air carriers for up to a five year period, renewable for an
6 additional five year period, providing a rebate of up to five hundred dollars annually
7 for each incremental international passenger deplaning at or departing from a subject
8 airport. The program shall be available to any and all air carriers who elect to
9 participate.

10 B. Each contract shall provide for an international passenger baseline for the
11 participating air carrier at the subject airport in the following manner:

12 (1) For the first contract entered into for a particular subject airport, the initial
13 international passenger baseline shall be the actual number of international
14 passengers deplaning at or departing from that airport for the twelve months prior to
15 the effective date of the contract, or the actual number for the twelve month period
16 prior to July 1, 2014, whichever is greater.

17 (2) The international passenger baseline shall thereafter be adjusted by the
18 department to include in the baseline, increases in international passengers
19 reasonably expected to deplane at or depart from the subject airport in the absence
20 of the program, considering FAA statistical reports of the number of passengers
21 arriving in the United States on flights originating outside the United States, and the
22 number of passengers departing from the United States to destinations outside the
23 United States, and other relevant considerations, as determined by the department by
24 rule or in contract terms. The baseline shall not be reduced at any time. Baseline
25 adjustments shall become effective on July 1 of each calendar year, or at the
26 department's discretion on the first day of each calendar quarter.

27 (3) The baselines for subsequent contracts entered into for a particular subject
28 airport shall be the adjusted baselines in effect on the effective date of each contract,

1 or the actual number of international passengers for the contracting air carrier for the
2 twelve month period prior to the effective date of the contract, whichever is greater.

3 C. No rebates shall be issued until all of the following requirements are
4 satisfied:

5 (1) No later than thirty-six months after execution of the first contract for the
6 subject airport, the incremental international passengers exceed twenty-five percent
7 of the international passenger baseline.

8 (2) The air carrier has scheduled direct flights from the subject airport, at
9 least twice per week, to at least one new destination outside of the United States, in
10 addition to the destinations outside of the United States with scheduled direct flights
11 from the subject airport during the month of June 2014 and the participating air
12 carrier maintains each new direct flight for at least twelve months from the effective
13 date of the contract.

14 D. No contract may be executed under this Chapter after July 1, 2019. This
15 provision shall not affect or prevent amendments modifying the provisions of
16 previously executed contracts.

17 E. No provision of this Section shall be interpreted to require an air carrier
18 to participate in the program provided for in this Chapter in order to provide
19 international flights in Louisiana.

20 §6503. Issuance and claiming of rebates

21 A. Participating air carriers shall provide reports and documentation of
22 international passengers as required by the department.

23 B. The department shall determine the number of incremental international
24 passengers for each subject airport and certify the amount of rebates to be issued to
25 participating air carriers. Rebates shall be certified annually, or at the discretion of
26 the department on a calendar quarterly basis.

27 C.(1) The secretary of the Department of Revenue shall make payments of
28 the rebates provided for in this Chapter from the current collections of the taxes
29 imposed by Chapter 1 of Subtitle II of this Title, as amended.

- 1 (2) In the event rebates are certified on a calendar quarterly basis, a
2 participating air carrier may elect to receive the rebate on such basis upon receipt of
3 the rebate certification and any necessary additional information.

4 Section 2. This Act shall become effective on July 1, 2014.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Stokes

HB No. 1227

Abstract: Establishes the Fly Louisiana Incentive Program within the Dept. of Economic Development to provide rebate incentives for air carriers transporting international passengers to and from La. airports.

Proposed law establishes the Fly Louisiana Incentive Program by authorizing the secretary of the Department of Economic Development (DED), beginning July 1, 2014 until July 1, 2019, to enter into a contract or contracts with one or more "air carriers" for up to a 5 year period, renewable for an additional 5 year period, providing a rebate of up to \$500 dollars annually for each "incremental international passenger" in excess of a certain baseline number of international passengers deplaning or departing at an "airport".

Proposed law provides definitions, including:

- (1) "Airport" is defined as any primary commercial service airport as defined by the FAA and located in this state with capacity for international flights. "Air carrier" is any commercial air carrier engaged in scheduled operations as defined by the FAA.
- (2) "International passenger" is defined as a revenue passenger who either:
 - a. Enplaned in scheduled service on an aircraft which originated its travel outside of the United States and who deplaned, exclusive of stopover or connection, at the airport; or
 - b. Enplaned on a scheduled direct flight on an aircraft which originated its travel at the airport to a destination outside of the United States, exclusive of stopover or connection.
- (3) "Incremental international passenger" is defined as an "international passenger" that is in addition to the "international passenger baseline" for the airport - that is, the number of international passengers deplaning at or departing from the airport for the twelve months prior to the effective date of the contract, or the actual number for the twelve month period prior to July 1, 2014, whichever is greater.

Proposed law authorizes DED to further define "international passenger" by rule or in contract terms to effect the intent of the proposed law and must further define "incremental international passenger" by rule or in contract terms to exclude "international passengers" shifted from another airport in the state.

Proposed law provides that the international passenger baseline is adjusted by DED on July 1 of each calendar year, or at the department's discretion on the first day of each calendar quarter, to include in the baseline increases in international passengers reasonably expected to deplane at or depart from the airport in the absence of the program, considering FAA statistical reports of the number of passengers arriving in the United States on flights originating outside the United States, and the number of passengers departing from the United States to destinations outside the United States, and other relevant considerations, as determined by DED by rule or in contract terms. The baseline cannot be reduced at any time.

Proposed law provides that baselines for subsequent contracts entered into for a particular airport are the adjusted baselines in effect on the effective date of each contract, or the actual number of international passengers for the contracting air carrier for the twelve month period prior to the effective date of the contract, whichever is greater.

Proposed law provides the following requirements which must be met in order for a rebate to be issued:

- (1) No later than 36 months after execution of the first contract for the airport, "incremental international passengers" exceed 25% of the "international passenger baseline".
- (2) The air carrier has scheduled direct flights from the airport, at least twice per week, to at least one new destination outside of the United States, in addition to the destinations outside of the United States with scheduled direct flights from the airport during the month of June, 2014. The air carrier must maintain the new direct flight for at least twelve months from the effective date of the contract.

Proposed law provides requires DED to certify rebates annually, or at the discretion of the department on a calendar quarterly basis. The secretary of the Department of Revenue is authorized to make payments of the rebates from the current collections of the taxes imposed by Chapter 1 of Subtitle II of Title 47. In the event rebates are certified on a calendar quarterly basis, a participating air carrier may elect to receive the rebate on such basis upon receipt of the rebate certification and any necessary additional information.

Effective July 1, 2014.

(Adds R.S. 47:6500-6503)