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## DIGEST

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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)