

Regular Session, 2014

SENATE BILL NO. 671

BY SENATORS MARTINY AND GARY SMITH AND REPRESENTATIVES STOKES
AND WILLMOTT

ECONOMIC DEVELOPMENT. Establishes the Fly Louisiana Incentive Program for granting rebates to air carriers for adding a certain amount of arriving and departing international passengers at a Louisiana airport and adding a scheduled international direct flight from the airport at least twice per week for at least 12 months. (7/1/14)

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

6 (2) "Airport" means any primary commercial service airport as defined
7 by 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,
10 Federal Aviation Administration.

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

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

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

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

29 (9) "Secretary" means the secretary of the Department of Economic

1 **Development.**

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

4 **§6502. Contracts for air carriers for rebates for incremental international**
5 **passengers**

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

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

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

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

1 **(3) The baselines for subsequent contracts entered into for a particular**
2 **subject airport shall be the adjusted baselines in effect on the effective date of**
3 **each contract, or the actual number of international passengers for the**
4 **contracting air carrier for the twelve-month period prior to the effective date**
5 **of the contract, whichever is greater.**

6 **C. No rebates shall be issued until all of the following requirements are**
7 **satisfied:**

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

11 **(2) The air carrier has scheduled direct flights from the subject airport,**
12 **at least twice per week, to at least one new destination outside of the United**
13 **States, in addition to the destinations outside of the United States with**
14 **scheduled direct flights from the subject airport during the month of June,**
15 **2014. The participating air carrier maintains the new direct flight for at least**
16 **twelve months from the effective date of the contract.**

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

20 **E. No provision of this Section shall be interpreted to require an air**
21 **carrier to participate in the program provided for in this Chapter in order to**
22 **provide international flights in Louisiana.**

23 **§6503. Issuance and claiming of rebates**

24 **A. Participating air carriers shall provide reports and documentation of**
25 **international passengers as required by the department.**

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

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

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

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

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Riley Boudreaux.

DIGEST

Martiny (SB 671)

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 five-year period, renewable for an additional five year period, providing a rebate of up to \$500 annually for each incremental international passenger deplaning or departing at an airport.

"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.

"International passenger" is defined as a revenue passenger who either:

- (1) Enplaned in scheduled service on an aircraft that originated its travel outside of the United States and who deplaned, exclusive of stopover or connection, at the airport.
- (2) Enplaned on a scheduled direct flight on an aircraft that originated its travel at the airport to a destination outside of the United States, exclusive of stopover or connection.

An "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.

The baseline is adjusted by DED on July first 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.

No rebates can be issued until all of the following requirements are satisfied:

- (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.

The 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.

DED is authorized 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.

DED must certify rebates annually, or at the discretion of the department, on a calendar quarterly basis. The secretary of the Department of Revenue must 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)