



Overview of MDA Proposed Guidelines
Air Service Development Program

ORIGIN OF AIR SERVICE DEVELOPMENT GROWTH PROGRAM

2016 Legislative Session

HB 1074 – Authorized the Air Service Development Program

SB 2924 – Provided a \$2.5 million Appropriation from the Initial Round of BP Economic Damages Settlement Payment

July 2016

Signed into Law

August 2016

Began Working with the Mississippi Development Authority on the Formulation of Program Guidelines

PROGRAM OVERVIEW

HB 1074 created the “**Economic Development and Infrastructure Fund.**” Specifically, the law directs the **Mississippi Development Authority (MDA)** to provide grants:

“to assist with construction and repair of infrastructure in counties where legal gaming is being conducted or is authorized and for structures designed to promote the gaming and entertainment industry in such counties, and to aid in increasing commercial air service at existing commercial service airports in counties in this state in which legal gaming is being conducted or is authorized by offering to assist Part 121 carriers through the following air service development methods: revenue guaranty, seat guaranty, seat cost mitigation, ground handling and marketing.”

The Legislature directed MDA to allocate not less than **\$2,500,000 annually** of funds deposited into the “**Economic Development and Infrastructure Fund**” *for increasing air service in eligible counties.*

PROGRAM OVERVIEW

HB 1074 defines eligible air service expansion activities as:

Revenue Guaranty*

Seat Guaranty*

Seat Cost Mitigation*

Ground handling cost mitigation**

Marketing**

MDA has defined these into Category I* and Category II** incentives

Category I incentives cannot be paired together

Category I incentives can be paired with Category II incentives

MDA GUIDELINES - OVERVIEW

Revenue Guaranty*

- Projected Revenue v. Actual Revenue
- Minimum Operating Gross Revenue

Seat Guaranty*

- Not to exceed 10% of total seats available on Aircraft

Seat Cost Mitigation*

- Not to exceed 25% of cost per seat

Ground handling cost mitigation**

- Not to exceed \$350,000 during 24 months

Marketing**

- Not to exceed \$200,000 during 24 months

MDA GUIDELINES - OVERVIEW

Each Category requires:

- Application
 - Include submission of agreements with Mississippi Entities
- Quarterly Reporting
- Request for Payment
 - Not more than once per year
 - For those Approved Carriers only providing seasonal service, MDA may negotiate a more frequent payment plan but shall not make a payment more than twice in a twelve (12) month period.
- Limits / Caps
 - All categories except Revenue Guaranty have caps as noted previously

TIMETABLE

IMPLEMENTATION OF GUIDELINES

- Proposed rules **must be posted for public comment for a minimum of 25 days**
- After considering public comments, **rules are filed in final form, and are considered adopted after 30 additional days.**
- Published Oct 23, 2016; MDA Air Incentive Program, effective on November 23, 2016. To view – go to, <http://www.sos.ms.gov/ACProposed/00022283b.pdf>

Contacts

- Chuck Mobley, Mississippi Development Authority, (601-359-2335)(cmobley@mississippi.org)
- Clay Williams, Executive Director, Gulfport-Biloxi International Airport (cwilliams@flygpt.com)
- Michael Bruffey, Deputy Director, Miss. Gaming & Hospitality Assoc. (mikebruffey@msgaming.org)