

SUMMARY—Creates the Office of Aerospace. (BDR 18-782)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State: Yes.

AN ACT relating to aerospace; creating the Office of Aerospace; setting forth the duties of the Office; revising provisions relating to the Nevada Air Service Development Fund; revising provisions relating to the Nevada Air Service Development Commission; requiring the Office to submit certain written reports relating to grants; requiring the Office to administer the Fund for Aviation; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Existing law creates the Nevada Air Service Development Commission within the Office of Economic Development and provides that the Commission consists of the Executive Director of the Office of Economic Development and a member of the Commission on Tourism of the Department of Tourism and Cultural Affairs. (NRS 231.680) **Section 6** of this bill creates the Office of Aerospace and requires the Governor to appoint a Director to head the Office. **Sections 2-5** of this bill define certain terms relating to the Office.

**Section 7** of this bill sets forth the duties of the Office, which include: (1) developing and expanding state planning relating to air service, airspace and airport and heliport infrastructure; (2)



creating a system for automated weather observation; (3) creating a certification program for airport lighting and maintenance; (4) developing a program to distribute surplus property to airports; (5) implementing a statewide network of crew cars to support rural airports; and (6) establishing a comprehensive aviation support network.

Existing law creates the Nevada Air Service Development Fund as a special revenue fund in the State Treasury and provides for the Nevada Air Service Development Commission to award grants of money from the Nevada Air Service Development Fund to air carriers that meet certain requirements. (NRS 231.690-231.720) **Sections 8 and 19** of this bill: (1) move and rename the Nevada Air Service Development Fund to the Nevada Aerospace Development Fund; and (2) require the Director of the Office to administer the Fund and make grants of money to air carriers that meet certain requirements. **Sections 9 and 19** of this bill move the responsibility for developing the grant program from the Nevada Air Service Development Commission to the Office. **Section 9** also sets forth the requirements for air carriers to be awarded a grant of money from the Office.

**Sections 10 and 19** of this bill: (1) rename the Nevada Air Service Development Commission the Nevada Aerospace Commission; and (2) move the Commission to the Office of Aerospace. **Section 10** requires the Nevada Aerospace Commission to advise the Governor and the Office on the priorities for aerospace development in this State.

Existing law creates the Fund for Aviation as a trust fund administered by the Director of the Department of Transportation and authorizes the Director of the Department of Transportation to award grants of money from the Fund for Aviation to counties, cities or other local governments



in this State to obtain matching money for federal programs and certain other programs relating to airports. (NRS 494.048) **Section 12** of this bill requires the Director of the Office of Aerospace to administer the Fund for Aviation and authorizes the Director of the Office of Aerospace to award such grants of money.

**Section 11** of this bill requires the Office to submit an annual report to be transmitted to the Legislature or Legislative Commission detailing certain information for the immediately preceding calendar year relating to the grants awarded from the Nevada Aerospace Development Fund and the Fund for Aviation.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 232 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 11, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 11, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3, 4 and 5 of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** *“Air carrier” means a person who provides commercial air transportation to passengers. The term includes, without limitation, an air taxi operator designated pursuant to 14 C.F.R. § 298.3.*



**Sec. 4.** *“Director” means the Director of the Office of Aerospace appointed pursuant to section 6 of this act.*

**Sec. 5.** *“Office” means the Office of Aerospace created by section 6 of this act.*

**Sec. 6. 1.** *The Office of Aerospace is hereby created.*

**2.** *The Governor shall appoint a Director to head the Office. The Director is in the unclassified service of the State and serves at the pleasure of the Governor.*

**Sec. 7. 1.** *The Office shall:*

*(a) Develop a statewide plan for advanced air mobility airspace and airport infrastructure, which must be developed with input from relevant stakeholders;*

*(b) Manage and support the development of air service in this State, with an emphasis on intrastate air service to all corners of this State;*

*(c) Expand existing state planning for airports and heliport systems to highlight the economic impact of airports and aviation in this State;*

*(d) Create a system for automated weather observation;*

*(e) Create a certification program in airport lighting and maintenance;*

*(f) Develop a program to distribute surplus property to airports in this State;*

*(g) Implement a statewide network of crew cars to support rural airports in this State; and*

*(h) Establish a comprehensive aviation support network in this State.*

**2.** *The Director may adopt regulations to carry out the provisions of sections 2 to 11, inclusive, of this act.*



**Sec. 8. 1.** *There is hereby created as a special revenue fund in the State Treasury the Nevada Aerospace Development Fund.*

**2.** *The Director shall administer the Fund. The Director may accept gifts, bequests, grants, appropriations and donations from any source for deposit in the Fund.*

**3.** *The money in the Fund must be invested as other state funds are invested. All interest earned on the deposit or investment of the money in the Fund, after deducting any applicable charges, must be credited to the Fund. Claims against the Fund must be paid as other claims against the State are paid.*

**4.** *The Director may make grants of money from the Fund to air carriers that satisfy the criteria set forth in section 9 of this act.*

**Sec. 9. 1.** *The Office shall develop a program to provide grants of money from the Nevada Aerospace Development Fund created by section 8 of this act to an air carrier or any governmental entity for the purpose of establishing air service or providing enhanced air service routes that service a public-use airport that is a National Plan of Integrated Airport Systems public airport.*

**2.** *An application for a grant of money from the Fund must be in the form prescribed by the Director and must include, without limitation:*

**(a)** *A statement designating the airport described in subsection 1 for which the air carrier will commence or continue air service if the grant is awarded;*

**(b)** *Commitments from the air carrier that if the Office awards the grant to the air carrier, the air carrier will enter into a written agreement with the Office that provides for the air carrier*



*to commence or continue air service to the airport designated in the application in exchange for receiving from the Office one of the guarantees set forth in subsection 4; and*

*(c) Letters of support from each airport that participates in the air service route offered by the air carrier pursuant to subsection 1.*

*3. The Office may make a grant of money from the Nevada Aerospace Development Fund if the Office finds that the grant will:*

*(a) Enable an air carrier to commence or continue air service to an airport described in subsection 1; and*

*(b) Provide economic benefit to this State.*

*4. The Office may make a grant of money from the Nevada Aerospace Development Fund only to:*

*(a) Guarantee that an air carrier will receive an agreed amount of revenue per flight that the air carrier operates into or out of the airport designated in the application pursuant to paragraph (a) of subsection 2; or*

*(b) Guarantee a profit goal for the air carrier that is established by agreement between the air carrier and the Office.*

*5. As used in this section:*

*(a) “National Plan of Integrated Airport Systems public airport” means an airport in this State that is part of the most recent version of the National Plan of Integrated Airport Systems published by the United States Secretary of Transportation pursuant to 49 U.S.C. § 47103.*

*(b) “Public-use airport” has the meaning ascribed to it in 49 U.S.C. § 47102.*



**Sec. 10. 1.** *The Nevada Aerospace Commission is hereby created within the Office. The Commission shall advise the Governor and the Office on the priorities for aerospace development in this State.*

**2.** *The Commission consists of:*

*(a) The Director;*

*(b) One member appointed by the Governor who is a member of the Commission on Tourism;*

*(c) One member appointed by the Governor who represents the Nevada Aviation Association or its successor organization;*

*(d) One member appointed by the Governor who represents the department of aviation in a county whose population is 700,000 or more;*

*(e) One member appointed by the Governor who represents the Reno-Tahoe Airport Authority;*

*(f) One member appointed by the Governor who represents the Nevada Resort Association or its successor organization;*

*(g) One member appointed by the Governor who represents the Nevada Association of Counties or its successor organization; and*

*(h) One member appointed by the Governor who represents the Nevada League of Cities or its successor organization.*

**2.** *The Governor shall ensure that at least one member appointed pursuant to subsection 1 is a resident of a county whose population is less than 100,000.*



3. *The terms of office for the members of the Commission appointed pursuant to paragraphs (b) to (h), inclusive, of subsection 1 are 2 years, which terms must be staggered.*

4. *At the first meeting of each fiscal year, the Commission shall elect from among its members a Chair, a Vice Chair and a Secretary.*

5. *The Commission shall meet at least once each calendar quarter and at other times at the call of the Chair or a majority of its members. A majority of the members of the Commission constitutes a quorum for the transaction of all business.*

6. *The members of the Commission serve without compensation.*

**Sec. 11.** *On or before February 1 of each year, the Office shall prepare and submit to the Director of the Legislative Counsel Bureau for transmittal to the Legislature, or if the Legislature is not in session, the Legislative Commission, a report detailing for the immediately preceding calendar year:*

1. *The total number of applications for grants of money from the Nevada Aerospace Development Fund created by section 8 of this act that were received pursuant to section 9 of this act;*

2. *The total amount of grants from the Nevada Aerospace Development Fund that were awarded by the Office to air carriers or governmental entities pursuant to section 9 of this act;*

3. *For each grant of money awarded from the Nevada Aerospace Development Fund, the amount of each grant and an explanation of how the grant will be used by the air carrier to provide or enhance air service to an airport;*





*4. The total amount of grants from the Fund for Aviation that were awarded by the Office to a county, city or other local government pursuant to NRS 494.048; and*

*5. For each grant of money awarded from the Fund for Aviation that was awarded by the Office to a county, city or local government pursuant to NRS 494.048, the amount of each grant and an explanation of how the grant will be used by the county, city or other local government.*

**Sec. 12.** NRS 494.048 is hereby amended to read as follows:

494.048 1. The Fund for Aviation is hereby created as a trust fund in the State Treasury.

The Director:

(a) Shall administer the Fund; and

(b) May apply for and accept any gift, bequest, grant, appropriation or donation from any source for deposit in the Fund.

2. Any money received by the Director pursuant to the provisions of subsection 1 must be deposited in the Fund. The money in the Fund may be invested as the money in other state funds is invested. After deducting any applicable charges, all interest and income earned on the money in the Fund must be credited to the Fund. The money in the Fund may be expended only in accordance with the terms and conditions of any gift, bequest, grant, appropriation or donation to the Fund or in the manner provided in subsection 3. Not more than 1 percent of the money in the Fund may be used to pay the costs of administering the Fund.

3. Except as otherwise provided in this section, the Director may:

(a) Expend money in the Fund to award grants to a county, city or other local government in this State for obtaining matching money for federal programs and any other programs relating to



airports or for the planning, establishment, development, construction, enlargement, improvement or maintenance of any airport, landing area or air navigation facility owned or controlled by the county, city or other local government; and

(b) Adopt regulations to carry out the provisions of paragraph (a).

4. The Director shall:

(a) In adopting regulations pursuant to subsection 3, determine the order of priority for the expenditures from the Fund by considering, without limitation, the following factors:

(1) The purpose of the project;

(2) The costs and benefits of the project; and

(3) The effect of the project on the environment, safety, security, infrastructure and capacity of the airport; and

(b) Before awarding a grant or adopting a regulation pursuant to subsection 3, consult with the Nevada Aviation Technical Advisory Committee and any person who represents an airport in this State used by the general public.

5. Any money received by a county, city or other local government pursuant to the provisions of this section must be accounted for separately by the county, city or other local government and may be used only for the purpose for which the money was received by the county, city or other local government.

6. The provisions of this section do not apply to an airport, landing area or air navigation facility that is owned or controlled by the Reno-Tahoe Airport Authority or a county whose population is 700,000 or more.



7. As used in this section, “Director” means the Director of the ~~Department of Transportation.]~~ *Office of Aerospace created by section 6 of this act.*

**Sec. 13.** 1. The Legislature hereby finds and declares that:

(a) Section 9 of Article 8 of the Nevada Constitution contains a provision commonly known as a “gift clause” which restricts the State, under certain circumstances, from donating or loaning the State’s money or credit to any company, association or corporation, except corporations formed for educational or charitable purposes.

(b) In *Employers Insurance Company of Nevada v. State Board of Examiners*, 117 Nev. 249, 258 (2001), the Nevada Supreme Court held that the State loans its credit in violation of Section 9 of Article 8 of the Nevada Constitution only when the State acts as a surety or guarantor for the debts of a company, corporation or association.

(c) In *Lawrence v. Clark County*, 127 Nev. 390, 405 (2011), the Nevada Supreme Court held that the State does not donate, loan or “gift” its money in violation of Section 9 of Article 8 of the Nevada Constitution when the State dispenses state funds for public purposes and the State receives a valuable benefit or fair consideration in exchange for the dispensation of the state funds.

(d) In *McLaughlin v. Housing Authority of the City of Las Vegas*, 68 Nev. 84, 93 (1951), and *Lawrence v. Clark County*, 127 Nev. 390, 399 (2011), the Nevada Supreme Court held that when the Legislature authorizes a state agency to dispense state funds:

(1) The courts will carefully examine whether the Legislature made an informed and appropriate finding that dispensation of the state funds serves a public purposes and the State receives a valuable benefit or fair consideration in exchange for the dispensation;



(2) The courts will give great weight and due deference to the Legislature's finding, and the courts will uphold the Legislature's finding unless it clearly appears to be erroneous and without reasonable foundations; and

(3) The courts will closely examine whether the dispensing state agency reviews all facts, figures and necessary information when making the dispensation, and when the state agency has done so, it will not be second-guessed by the courts.

2. The Legislature hereby further finds and declares that:

(a) The program developed and carried into effect pursuant to section 9 of this act will not result in the State acting as a surety or guarantor of the debts of an air carrier receiving a grant of money.

(b) The purpose of section 9 of this act is to develop and carry into effect a state program to encourage air carriers to resume, retain or enhance the provision of commercial air service to and from small hub airports, nonhub airports and large hub airports that serve rural communities in this State.

(c) The provisions of section 9 of this act are intended to serve an important public purpose and ensure that the State receives valuable benefits and fair consideration in exchange for each grant of money from the program because:

(1) The program requires the dispensing state agency to review all facts, figures and necessary information when making each grant of money from the program to determine whether the grant will provide economic benefit to the State;



(2) The provision of air transportation service to and from small hub airports and nonhub airports enables the citizens and businesses of this State to travel more efficiently, and at lower cost, to and from the rural communities in this State; and

(3) The dispensing state agency may not make a grant of money from the program unless the agency receives a commitment from the air carrier receiving the grant to commence or continue air service to a designated small hub airport, nonhub airport or large hub airport that services small hub airports and nonhub airports.

**Sec. 14.** The Legislative Counsel shall, in preparing supplements to the Nevada Administrative Code, appropriately change any references to an officer, agency or other entity whose name is changed or whose responsibilities are transferred pursuant to the provisions of this act to refer to the appropriate officer, agency or other entity.

**Sec. 15.** 1. Any administrative regulations adopted by an officer or an agency whose name has been changed or whose responsibilities have been transferred pursuant to the provisions of this act to another officer or agency remain in force until amended by the officer or agency to which the responsibility for the adoption of the regulations has been transferred.

2. Any contracts or other agreements entered into by an officer or agency whose name has been changed or whose responsibilities have been transferred pursuant to the provisions of this act to another officer or agency are binding upon the officer or agency to which the responsibility for the administration of the provisions of the contract or other agreement has been transferred. Such contracts and other agreements may be enforced by the officer or agency to which the



responsibility for the enforcement of the provisions of the contract or other agreement has been transferred.

3. Any action taken by an officer or agency whose name has been changed or whose responsibilities have been transferred pursuant to the provisions of this act to another officer or agency remains in effect as if taken by the officer or agency to which the responsibility for the enforcement of such actions has been transferred.

**Sec. 16.** Notwithstanding the amendatory provisions of sections 10 and 19 of this act, any person who, on October 1, 2025, was appointed to serve on the Nevada Air Service Development Commission created by NRS 231.680 may continue to serve in that capacity until his or her term would ordinarily expire pursuant to subsection 3 of NRS 231.680.

**Sec. 17.** On October 1, 2025, the State Controller shall transfer any unexpended balance in the Nevada Air Service Development Fund created by NRS 231.690 to the Nevada Aerospace Development Fund created by section 8 of this act.

**Sec. 18.** The provisions of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

**Sec. 19.** NRS 231.600, 231.610, 231.620, 231.630, 231.650, 231.655, 231.665, 231.680, 231.690, 231.700, 231.710, 231.720 and 231.730 are hereby repealed.



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## LEADLINES OF REPEALED SECTIONS

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**231.600** Definitions.

**231.610** “Air carrier” defined.

**231.620** “Commission” defined.

**231.630** “Fund” defined.

**231.650** “Local air service development entity” defined.

**231.655** “National Plan of Integrated Airport Systems public airport” or “NPIAS airport” defined.

**231.665** “Public use airport” defined.

**231.680** Creation; membership; terms; election of Chair, Vice Chair and Secretary; meetings; quorum.

**231.690** Nevada Air Service Development Fund: Creation; gifts, grants and donations; interest; use.

**231.700** Administration of Fund; regulations.

**231.710** Grant program for air service or enhanced air service; requirements for grant application.

**231.720** Award of grants.



**231.730 Annual reports to Legislature.**

