

S.C. air service could get boost from incentives ***(Columbia Regional Business Report)***

Are fiscal incentives going to be used to bring low-cost air carriers to South Carolina, in a bid to help lower airfares in the state? Columbia's new airport director thinks it's time to discuss the idea, while State House legislation would offer public incentives to improve air service.

Dan Mann, the new director at Columbia Metropolitan Airport, said shortly after taking his new position in January that the best way to improve airfares there would be to add a low-cost carrier. In the past two years, those carriers have added cities only where they received some kind of fiscal incentive, in the form of either a guarantee of revenue or some other subsidy, Mann said. "That's what it takes."

The money for such a subsidy would likely come from local businesses that heavily use Columbia Metro, but the benefits would go to anyone booking a ticket locally.

"It's got to be a private initiative," Mann said. Such an incentive would help the airport grow its service while capturing more of the passengers who now travel to Charlotte or other airports.

"I think it needs to be discussed, Mann said.

Mann points to the Quad Cities Airport in Iowa, a rival to his former employer in Cedar Rapids, as an example. The flying public saved about \$14 million per year in reduced fares after the community spent \$1 million to \$2 million on incentives, Mann said. That's "really sound investment," he said.

Columbia Metro has hosted low-cost carriers before, including Allegiant recently and startups Independence Air and Air South in the past. Making a deal with an established low-cost carrier such as AirTran would be a lesser risk than partnering with a startup, Mann said.

Would the low-cost carrier leave town once an incentive expired in a few years? Possibly, Mann said, but even if they did, the payoff for the flying public while they were here probably would still be good.

Getting the community to make such an incentive would take time and would not be easy, Mann said. As airport executive director, he can bring the idea up, but in the end, it's not his call.

"That really is a regional decision," he said. "It's not Dan Mann's decision."

The incentives also could be a boon to tourism, the state's No.1 industry. Incentives have helped add flights to Myrtle Beach this year, including a new nonstop from Toronto. Myrtle Beach International Airport is welcoming additional flights from six destinations this spring. Tourism boosters hope that means more tourists on the Grand Strand as the vacation season gets under way.

State legislation that has passed the House wouldn't directly pay a low-cost carrier but could provide ancillary benefits to bring new carriers to the state.

The bill would allow the S.C. Aeronautics Commission to borrow as much as \$15 million to fund infrastructure or other improvements at S.C. airports. The grant money would be borrowed from the state's Insurance Reserve Fund but must be repaid with interest, according to the legislation. Local entities would be required to contribute 25% of the cost of any projects undertaken.

The idea is to fund airport facility upgrades, such as new gates, equipment or any other infrastructure improvement that might help persuade an air carrier to add service in the state, said Rep. Brian White, R-Anderson, the bill's sponsor.

The measure is an attempt to address the frequent complaints that airfares into South Carolina's four major airports are too high, White said, with Columbia Metro and Greenville-Spartanburg noted most frequently as pricey. No specific projects were in mind for the available dollars, White said.

White compared the idea to the kind of infrastructure incentives that are used to attract new businesses. Having such high airfares is "not business-friendly," he said.

A look at where companies put their headquarters, White said, will show them clustered in areas with good, direct, air service, such as Charlotte or Atlanta. From an economic development perspective, better air service is connected to growth, he said.

"Time gets to be money in business," White said.