

Approved 1-31-89 Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by Sen. Bill Morris at
Chairperson

9:02 a.m./~~p.m.~~ on January 26, 1989 in room 254-E of the Capitol.

Members present were:

Senators Morris, Doyen, Francisco, Hayden, Kanan, F. Kerr, Martin, Rock, Sallee, Thiessen and Vidricksen.

Committee staff present:

Hank Avila, Legislative Research Department
Ben Barrett, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Louise Cunningham, Committee Secretary

Conferees appearing before the committee:

George M. Boyd, Division of Aviation, KDOT
Bernie Koch, Wichita Area Chamber of Commerce
Jim Gregory, Beech Aircraft Corporation

Hearing on S.C.R. 1602 - Urging KDOT to develop a comprehensive state aviation plan.

George M. Boyd, KDOT, said passage of SCR 1602 would be an opportunity to formalize the Kansas Aviation Programs currently in existence, while at the same time laying the groundwork for an ongoing comprehensive State Aviation Plan in support of the overall Kansas transportation goals and objectives. He also read a statement from Governor Hayden on aviation policy. A copy of Mr. Boyd's statement and Governor Hayden's position paper is attached. (Attachment 1).

Some members expressed concern about the financing of the aviation trust fund and that it could be an additional burden on the aviation community. Mr. Boyd said they were also concerned about that and Kansas might want to explore what other states are doing in this respect and what the impact would be on the aviation industry.

Concern was expressed that it was no longer feasible to own a private aircraft with so many surcharges, so many user fees and taxes, and so many rules and regulations on what you can and cannot do. This would be a detriment to the Kansas aircraft industry.

Mr. Boyd said Kansas has an airport improvement program and they get as much as they can from federal funds but there is a large amount available in federal funds that is not being sent back as it should be.

The Chairman said airports are now charging a "flowage" fund for which there is no authority, but it is important for them to have this to assist small airports.

Bernie Koch, Wichita Chamber of Commerce, said it was nice to see the state focusing on this most important segment of our economy, but they are concerned about the financing of an aviation trust fund. They feel the industry would be better served if efforts were directed to convincing Congress to send the money from the federal aviation trust fund. A copy of his statement is attached. (Attachment 2).

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES,
room 254-E, Statehouse, at 9:02 a.m./~~pm~~ on January 26, 1989

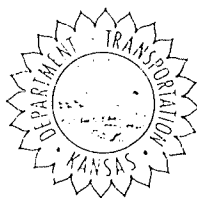
Jim Gregory, Beech Aircraft Corporation, said that since the national air transportation system is national in scope the importance of state-level involvement may be questioned. The Federal government already has \$11.1 billion in an aviation trust fund and something should be done to help free this rather than to create another tax through the aviation trust fund as recommended in SCR 1602. They are not supportive of any additional state-wide taxes on any segment of aviation. A copy of his statement is attached. (Attachment 3).

A motion was made by Sen. Hayden to delete (a) from SCR 1602. Motion was seconded by Sen. Thiessen.

A substitute motion was made by Sen. Rock to report SCR 1602 adversely. Motion was seconded by Sen. Doyen. Motion carried.

Meeting was adjourned at 9:30 a.m.

STATE OF KANSAS



KANSAS DEPARTMENT OF TRANSPORTATION

Docking State Office Building

Topeka 66612-1568

(913) 296-3566

January 23, 1989

Horace Edwards
Secretary of Transportation

Mike Hayden
Governor of Kansas

MEMORANDUM TO: SENATOR BILL MORRIS, CHAIRMAN
SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

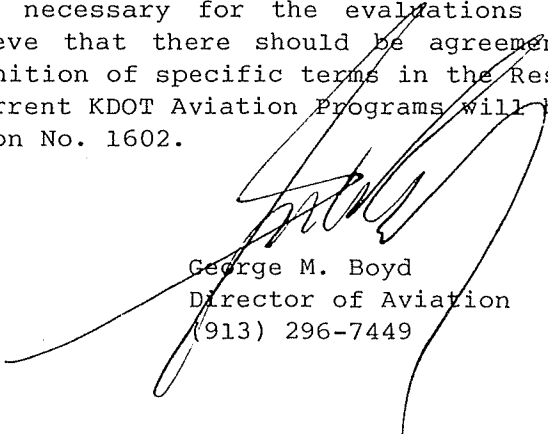
FROM: GEORGE M. BOYD, DIRECTOR
DIVISION OF AVIATION, KANSAS DEPT. OF TRANSPORTATION

SUBJECT: Testimony on Senate Concurrent Resolution No. 1602

Mr. Chairman, Ladies and Gentlemen of the Committee, we of the Kansas Department of Transportation (KDOT) would regard passage of Senate Concurrent Resolution No. 1602 as an opportunity to formalize the Kansas Aviation Programs currently in existence, while at the same time laying the groundwork for an ongoing comprehensive State Aviation Plan in support of the overall Kansas transportation goals and objectives.

As you know, Governor Hayden recognized the requirement for a Statewide aviation program early in his administration and published a policy letter to that purpose on the 29th day of July 1987. KDOT's Aviation Programs have been conducted within Governor Hayden's guidelines.

The Kansas Department of Transportation has not had sufficient time to develop the considerable data necessary for the evaluations requested in Resolution No. 1602. We believe that there should be agreement as to the legislative intent and the definition of specific terms in the Resolution. We are hopeful that most of the current KDOT Aviation Programs will be compatible with Senate Concurrent Resolution No. 1602.


George M. Boyd
Director of Aviation
(913) 296-7449

GMB:lls

cc: Horace B. Edwards, Secretary, Kansas Department of Transportation

Attachment

ATT. 1
T&U
1/26/89

STATE OF KANSAS



OFFICE OF THE GOVERNOR

State Capitol
Topeka 66612-1590
(913) 296-3232

Mike Hayden Governor

29 July 1987

STATEMENT OF AVIATION POLICY

Aviation is one of the most important industries in Kansas and the United States. I have examined the transportation needs of our state and find that we have a good system of airports that complement our highway system. I have requested the Secretary of Transportation to keep me advised of changes in aviation that affect our economy and our transportation programs. This statement of policy reflects my position with respect to aviation in Kansas. Therefore, I have directed my staff to:

- a. promote aviation safety, collect aviation data and inspect Kansas airports;
- b. support the Aviation Advisory Committee and the Kansas Commission on Aerospace Education;
- c. continually update the State Airport System Plan and the State and Regional Disaster Airlift plan;
- d. promote economic development within Kansas and the aviation industry and support Essential Air Service, air tourism, and the Kansas State Aviation Conference;
- e. review national and Kansas aviation legislation and submit recommendations to me through the Secretary of the Kansas Department of Transportation; and
- f. recognize outstanding contributions to aviation by Kansas citizens and organizations.

It is my objective to continue working with the Kansas National Delegation on those policy matters which influence aviation production and employment. I will also work closely with the Kansas Legislature, members of the aviation industry, labor and the public as we pursue our State goals. Finally, I solicit comments and suggestions which will lead to solutions to present and foreseeable problems in aviation and transportation.

A handwritten signature in cursive script that reads "Mike Hayden".

MIKE HAYDEN
Governor

1-2

TESTIMONY ON SCR 1602

By Bernie Koch

Wichita Area Chamber of Commerce

Senate Committee on Transportation and Utilities

January 26, 1989

Mr. Chairman, members of the committee, I'm Bernie Koch with the Wichita Area Chamber of Commerce. Thank you for the opportunity to comment on Senate Concurrent Resolution 1602.

As a representative of the business community in a city known as the Air Capital of the World, I'm delighted that the state seems to be focusing some attention on an important segment of our economy, widely regarded as the third largest industry in the state, behind agriculture and oil and gas. Sometimes it seems that we take our aviation industry for granted. I confess that's true even in Wichita. However, that seems to be changing.

Your Special Committee on Transportation paid a visit during the interim to our Mid-Continent Airport, our Aviation Research facilities at Wichita State, and our state's largest employer, the Boeing Company. We were pleased to have the attention. We were also pleased to see that Governor Hayden included funding in his budget for staff positions at the Wichita State Institute for Aviation Research. This represents the first state commitment of any significance to aviation research, and it is most welcome.

We're also pleased that this resolution shows concern and interest by the State of Kansas about what's happening with our aviation industry. We've spoken to our aircraft manufacturers and commercial aviation business people about this resolution and I'd like to pass on a few concerns.

The resolution says, "A comprehensive state aviation plan is needed to assure that both the private and commercial aviation sectors of Kansas have a definite understanding of the state's expectations for the aviation industry."

I think the reverse is true. The state needs to have an understanding of what the private and commercial aviation sectors have in the way of expectations of the State of Kansas. I don't mean to communicate that in a flippant way. I don't think many in state government understand the nature or the scope of aviation in Kansas, both in Wichita and elsewhere.

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Let me point that out to those of you who may not be familiar with our aviation industry with this statement: Half the general aviation aircraft flying today in the free world were built in Kansas. That in itself is an impressive statement, but the sentence is not complete. Half the general aviation aircraft flying today in the free world were built in Kansas by one company, Cessna. When you add in Beech, Learjet, and Boeing, it's more like 90 percent. That's why we are the Air Capital.

One concern of the aviation industry about this resolution is the call for a plan to include the financing of a state aviation trust fund. That sounds like it may mean fees, taxes, surcharges, etc. on the industry in one form or another. To use a popular overworked phrase these days, "Read my lips."

In all seriousness, however, the industry is just beginning to rebound from a long period of struggle. It does not need or want such revenue raising measures.

As to a state aviation trust fund, there is a federal aviation trust fund which contains an estimated \$6 billion that could be spent on a variety of needed aviation improvements. The industry would be better served if efforts were directed to convincing Congress to spend that money.

There's no quarrel with encouraging and aiding the development of aviation training programs, including educational institutions. I would suggest adding the word "manufacturing" to that portion of the resolution somewhere.

Thank you for the opportunity to testify. I'll try to answer questions if there are any.

Beech Aircraft Corporation

Remarks by Jim Gregory

Regarding SCR 1602

Senate Transportation and Utilities Committee

Thank you Mr. Chairman. I am Jim Gregory from Beech Aircraft Corporation in Wichita, Salina and Andover.

We appreciate the opportunity to appear before you today with regard to Senate Concurrent Resolution 1602. Generally, we are pleased this resolution, which emerged from the Special Committee on Transportation, recognizes the importance of aviation in the state of Kansas. However, we wonder whether all the elements of this particular measure are really necessary or justified.

Moreover, since the national air transportation system is just that--national in scope--the importance of additional state-level involvement at this particular time may be questioned. Aviation is regulated by the Federal government from the design, testing, and certification of aircraft, through pilot and mechanic training, and on to aircraft operation in the Federal airspace. The Federal government already has \$11.1 billion languishing in an aviation trust fund, with an unobligated balance of \$5.8 billion, captive to Washington maneuvers on deficit bookkeeping. Anything that could be done to help free this large sum would be more welcome than creation of another tax through a state aviation trust fund as indicated in line 28.

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While aviation training programs and public education as spelled out in lines 29 and 30 appear to be worthy goals, it seems, perhaps these areas should compete with other needs for general funds. Generally, we are not supportive of special additional state-level taxes on any segment of aviation throughout the country and we would not support studying such a concept in Kansas. Our industry already experiences Federal taxes and, in most cases, locally imposed fuel flowage taxes throughout the country.

Beech is appreciative of the favorable business climate which has been created in Kansas. And we've been able to respond with employment increases approaching 25% since our low period in 1982. We are encouraged by the performance of the general aviation industry in 1988 and our expectations for the future remain optimistic. However, a special new tax on any segment of our marketplace through a trust fund isn't consistent with restoring the industry's vitality.

Our immediate concern is finding enough well educated and capable employees to fill selected openings in our work force.

Consequently, more pressing to us are the issues of education and job training. Help for this area can be and is being accomplished through other state and local programs.

We could, though, support this resolution, if the reference to the creation of a state aviation trust fund is deleted. The matter of initiating new revenue sources from aviation interests would seem to warrant further detailed Legislative review beyond the scope contemplated to date.

Thank you for the opportunity to visit on this issue.