



MEMORANDUM

TO: Senate Committee on Ways and Means
 FROM: Steven J. Anderson, Director of the Budget
 DATE: February 3, 2012
 SUBJECT: Department of Commerce—Airport Incentive Funding

The Division of the Budget is proposing that the Governor amend his budget to shift \$2.0 million in the FY 2013 budget for the Department of Commerce to FY 2012. The Legislature put the original funds in the North Central Kansas Air Passenger Service Support Fund in KDOT, and because the air service in Manhattan has been successful, this money was not accessed and can now be pulled back to the Economic Development Initiatives Fund and made available. The intent was to turn that money back around within this fiscal year to make it quickly available, in the event it is needed. The effect to the Governor’s budget for this item is as follows:

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>2,000,000</u>	<u>(2,000,000)</u>
All Funds	\$ 2,000,000	(\$ 2,000,000)

To accomplish the change, the following language would be added at line 20, page 8 of 2012 Senate Bill No. 311:

(e) There is appropriated for the above agency from the economic development initiatives fund for the fiscal year ending June 30, 2012 the following:

Air service incentive fund\$2,000,000
Provided, That 50% of all expenditures from the air service incentive fund during fiscal year 2012 shall be made to participate in air passenger service support agreements with the Manhattan area chamber of commerce, inc., and airlines providing air passenger service at Manhattan regional airport, related to any quarter during fiscal year 2012 when flights provided by an airline that is a party to an air passenger service support agreement are filled to less than 70% of capacity, or as determined under a formula finalized and agreed upon by the Manhattan area chamber of commerce, inc., in such support agreements: *Provided however*; That no expenditures shall be made from the air service incentive fund unless the Manhattan area chamber of commerce, inc., has made payments to such airlines for such purpose of \$250,000 or more for fiscal year 2012: *Provided further*; That expenditures from the air service incentive fund to such airlines for such purpose for fiscal year 2012 shall not exceed \$1,000,000: *And provided further*; That 50% of all expenditures from the air service incentive fund during fiscal year 2012 shall be for a competitive grant program developed and administered by the secretary of commerce for the purposes of expanding air travel options and airport improvements in the state: *And provided further*, that the secretary of commerce would be authorized to enter into an agreement to make expenditures from the air service incentive fund for competitive grants or to produce market research studies to determine the economic benefits of providing incentives to expand air travel options and airport improvements in the state: *And provided further*; That expenditures from the air service incentive fund for competitive grants for fiscal year 2012 shall not exceed \$1,000,000.