

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on April 06, 2001 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Lea Gerard, Secretary

Conferees appearing before the committee: George Ablah, Mayor's Air Service Task Force  
Ron Ryan, Ryan Airline  
Mike Taylor, Representing City of Wichita  
Senator Donovan  
Senator Gooch

Others attending: See attached list.

Senator Jordan gave an overview of the Subcommittee Report on **SB 324** (Attachment 1). He explained the subcommittee developed a proposal that would create a Discount Airline Guarantee Program similar to the Railroad Loan Guarantee Program which has been in the Kansas statutes since 1991. According to the Department of Transportation, no funding has ever been appropriated for the Railroad Loan Guarantee Program. The Discount Airline Guarantee Program would give the Secretary of Transportation the authority to enter into an agreement to guarantee the operation of a discount airline.

The proposal also creates the Discount Airline Guarantee Program Fund, to be administered by the Secretary of Transportation. All expenditures from the fund would go through the appropriations process. These expenditures would be for any amount of loss incurred by the borrower, except that 50 percent of the guarantee by the city for operation must be exhausted before the borrower can access the state guarantee funds.

Senator Les Donovan testified in support of **SB 324** stating it's not only business flyers that are impacted but many people who travel for pleasure. A large percentage of flyers today in Wichita and the area automatically pick-up the phone call the 800 number for Southwest Airlines and drive to Oklahoma City, Tulsa or Kansas City. This takes Kansas money out of the state.

George Ablah, Mayor's Air Service Task Force, testified in support of **SB 324** (Attachment 2). Wichita is one of about 20 cities that have totally been removed from the list of cities that are attractive for industries. The high cost of airfare works against the City of Wichita when trying to encourage new development and economic growth. The problem is so devastating for Wichita and the State of Kansas in that there are 600,000 people leaving the Wichita airport every year and there are 400,000 driving to Kansas City, Oklahoma City and Tulsa for air service.

Ronald D. Ryan, Chairman Ryan International Airlines testified in support of **SB 324** (Attachment 3). Air travelers who can purchase tickets at least 21 days in advance can fly out of Wichita for a much lower fare than someone who doesn't have that flexibility. The goal is to bring the business travelers' cost down while still offering a user-friendly service.

Mike Taylor, representing the City of Wichita testified in support of **SB 324**.

It was pointed out during Committee discussion that the proposal would create a discount airline guarantee program loan guarantee fund to be administered by the Secretary of Transportation. All expenditures from the fund would go through the appropriations process. These expenditures would be for any amount of loss incurred by the borrower except that 50 percent of the guarantee of the city of operation must be exhausted before the borrower can access the state guaranteed funds. It is not really a match, it's just saying the city is on line for the first two million and then the city can come to the state.

There being no further conferees to appear before the Committee, Chairperson Brownlee closed the public hearing on **SB 324**.

**Action on Substitute SB 324—concerning air transportation.**(Attachment 4)

Senator Jordan moved to amend the bill by inserting language on Page 2, Line 9 regarding the entity's contractual commitment for a minimum of 50% of all available seats. Motion was seconded by Senator Wagle. Motion carried.

Senator Wagle moved to amend the bill by inserting language on Page 2, Line 5 regarding fares shall be a minimum of 30% less expensive than similar fares on the preceding calendar year on commercial airlines. Motion was seconded by Senator Steineger. Motion carried.

Senator Barone moved to amend the bill on Page 3, Line 8 regarding financial guarantees required by the city and state. First two million would come from the city, second two million from the state, third two million from the city and fourth two million from the city. Motion was seconded by Senator Jenkins. Motion carried.

Senator Steineger moved to report **Substitute SB 324** favorably. Motion was seconded by Senator Wagle. Motion carried.

The meeting adjourned at 9:35 a.m.