

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The joint meeting of the Senate Commerce and House Economic Development Committees was called to order by Chairman Kenny Wilk at 12:45 p.m. on March 27, 2003, in Room 313-S of the Capitol.

All members were present except: Representative Krehbiel, Excused
Representative Kuether, Excused
Representative Boyer, Excused

Committee staff present: April Holman, Legislative Research
Debra Hollon, Legislative Research
Fulva Seufert, Secretary

Conferees appearing before the committee: Lt. Gov. John Moore
Jeffrey L. Turner, Vice Pres., General Manager, Boeing
Commercial Airplanes, Wichita Division

Others attending: No List

Chairman Wilk opened the joint meeting of the Senate Commerce and House Economic Development Committees by welcoming Lt. Governor John Moore to the Committee. The Lt. Governor said he was a former aviation executive and is very concerned about the future of the industry.

The Lt. Governor then introduced Mr. Jeffrey L. Turner, Vice President, General Manager, Boeing Commercial Airplanes, Wichita Division, who opened by saying he appreciated the invitation to talk about Boeing's 7E7 Program. He outlined the environment of Boeing in today's economy. Boeing is about 12,000 strong in workforce with nearly \$1 billion in payroll, which, of course, is down significantly in numbers since 9-11. Mr. Turner said that last year Boeing was studying concepts for both the Sonic Cruiser and a new super-efficient jetliner. But now they have focused their product development efforts on the jetliner 7E7 which will allow them to apply advanced technologies to bring dramatic improvements in air travel for both the airlines and passengers in 2008. He stressed Boeing's good reputation as a designer and builder of airplanes. He said they had gained in market share with the new airplanes they have built and that about 80% of those jobs were not in place 10 years ago. He further stated that what Kansas workers will be doing at Boeing ten or twenty years from now will depend largely on the state's and Boeing's roles in the 7E7 program. He said that it was important for Kansas that Boeing be selected to be part of the 7E7 team. Before 9-11 and the downturn in commercial airplane orders, Boeing's economic impact on the state approached nearly \$3 billion annually. Mr. Turner said, "The 7E7 program has the potential to sustain thousands of manufacturing and ancillary jobs for those selected to join the supplier team." (Attachment 1)

The discussion included many questions concerning what the legislature can do and what is expected along with the level of financing that other cities have and how much money it would take for Boeing to know that Kansas is serious. Mr. Turner's answer to how much money it would take was 500 million to do the type of program they are considering. He said at full production, 4,000 employees would be needed to incorporate all the basic technology for this airplane and all future airplanes. When asked about who the biggest

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MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT at 3:30 p.m. on March 27, 2003 in Room 522-S of the Capitol.

competitor is, he responded that it is a global partnership for this airplane. The Committee members asked for details on what the state can do. The conclusion was that legislators need to know the issues and study to work out a creative plan for Boeing and the state to work together to figure it out. Mr. Turner said as far as time frame is concerned, 2003 is a pivotal year for this program. What the configuration will be and who the key partners will be are decisions that will be made in 2003. The big question will be whether Boeing Wichita will be funded from internally generated funds or externally generated funds. Mr. Turner told the Committees that in terms of creating an environment for a partnership that the state and Boeing have cleared the first hurdle by having this meeting. He thanked the Committees for extending them this opportunity, and that hopefully by working together Kansas can be as competitive as anyone in the world.

Chairman Wilk told the Committees that it would be necessary to develop a plan or a proposal from Kansas during the next six weeks and that the House Economic Development Committee will be reconvening and meeting to work on a plan of action. He also said the Committee would be working closely with Lt. Gov. Moore.

Chairperson Brownlee thanked Mr. Turner and said she was pleased to hear about this exciting opportunity. Chairman Wilk also thanked the Lt. Governor and Mr. Turner for appearing before the Committees.

The meeting adjourned at 1:20 p.m.