

SESSION OF 2008

**SUPPLEMENTAL NOTE ON HOUSE
SUBSTITUTE FOR SENATE BILL NO. 359**

As Amended by House Committee of the Whole

Brief*

House Substitute for SB 359 would authorize the Secretary of Transportation to participate for a period of two years in an air passenger service support agreement with the Manhattan Area Chamber of Commerce, Inc. The bill also would appropriate funding from a new fund, the North Central Kansas Air Passenger Service Support Fund in the State Treasury, for the purpose of making payments for air passenger service at the Manhattan regional airport. Payments from the new fund could be made by the Secretary of Transportation to an airline that is a party to an air passenger service support agreement and serving the Manhattan regional airport if flights during any quarter are filled to less than 70 percent of capacity or as determined in a formula for a load factor, pursuant to a support agreement.

Payments up to \$1,000,000 annually would be authorized from the new fund in FY 2009 and FY 2010, but only after the Manhattan Area Chamber of Commerce, Inc., first made payments of \$250,000 or more in each fiscal year for air passenger support. The bill would authorize transfers of up to \$1,000,000 each fiscal year, to be certified by the Secretary of Transportation, from the Public Use General Aviation Airport Development Fund for the purpose of capitalizing the North Central Kansas Air Passenger Service Support Fund. Transfers could take place only after support agreement requirements were met each fiscal year.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

If any transfers would be made from the Public Use General Aviation Airport Development Fund during FY 2009 or FY 2010, the bill would authorize corresponding repayments from the Economic Development Initiatives Fund in each subsequent fiscal year.

The bill would be effective upon publication in the *Kansas Register*.

Background

SB 359 as amended and passed by the Senate included the capital improvements budget for FY 2008 and other adjustments. Most of those provisions were included in either the 2007 Mega Appropriations Bill or the Omnibus Appropriations Bill last Session.

The House Committee deleted the contents of SB 359 and substituted the provisions related to the air passenger support program.

The House Committee of the Whole amendments replaced the City of Manhattan with the Manhattan Area Chamber of Commerce, Inc. as the local participating entity, and also authorized transfers from the Economic Development Initiatives Fund to replace any funds transferred for this program.

Conferees appearing in support of House Substitute for SB 359 included Representative Tom Hawk and representatives from the City of Manhattan and the Airport Advisory Board for the Manhattan Regional Airport. Letters supporting the legislation were received from the Congressional delegation, Department of the Army, Kansas State University, local governments, area businesses, and state and local not-for-profit organizations.

State funding for the new program could total \$1,000,000 each fiscal year in FY 2009 and in FY 2010. A local match of

\$250,000 would be required in each fiscal year. Expenditures from the North Central Kansas Air Passenger Service Support Fund could be made to an airline serving the Manhattan regional airport after the Secretary of Transportation determined that the local matching funds had been expended and if on a quarterly basis either flights are filled to less than 70 percent of capacity or as determined in a formula for a load factor, pursuant to a support agreement with the Manhattan Area Chamber of Commerce, Inc. and an airline. Any funds in the North Central Kansas Air Passenger Service Support Fund from FY 2009 would carry over to FY 2010 and would reduce the FY 2010 transfer since the bill authorizes an annual maximum of \$1,000,000 in expenditures.