

3
4 **Senate Substitute for HOUSE BILL No. 2143**

5
6 By Committee on Commerce

7
8 4-6

9
10 AN ACT concerning air transportation; providing certain financial guar-
11 antees to ensure the operation of discount airlines within the state.

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. (a) Subject to the provisions of subsection (e), the secre-
15 tary of transportation is hereby authorized upon application by a qualified
16 entity to enter into an agreement to guarantee the operation of a discount
17 airline program. The discount airline program will encourage commercial
18 air carriers providing air transportation services to and from existing Kan-
19 sas airports to reduce and stabilize costs for individuals, businesses and
20 public agencies.

21 (b) The agreement may contain such terms and conditions as the
22 secretary of transportation may deem appropriate to carry out the pur-
23 poses of this section, except that the aggregate amount so guaranteed
24 shall not exceed \$4,000,000.

25 (c) In order to qualify for the financial guarantee provided pursuant
26 to this section, an entity must meet the following criteria:

- 27 (1) The entity shall have secured all initial start up costs;
28 (2) the entity shall have secured a \$4,000,000 guarantee from the city
29 of operation;
30 (3) the entity shall have secured from the base airport of operation a
31 release from the payment of all airport fees for a period of six months;
32 (4) the entity shall make all flights available and accessible for booking
33 in the international airlines reservation system;
34 (5) the entity shall provide baggage transfer services for all
35 passengers;
36 (6) the entity shall provide through ticketing for all passengers;
37 (7) at such time as the entity enters the market place, purchases on
38 the same day as the flight or "walk up" air fares shall be minimum of 30%
39 less expensive than the average air fares in the preceding ~~calendar~~ [**cal-**
40 **endar**] year on commercial airlines;
41 (8) at such time as the entity enters the market place, purchases made
42 21 days in advance of the flight shall be a minimum of 10% less expensive
43 than the average air fares in the preceding calendar year on commercial

1 airlines;

2 (9) the entity shall have contractual commitments for a minimum of
3 50% of all available seats for the length of term in which the guarantee
4 is requested.

5 (d) The secretary of transportation may adopt rules and regulations
6 consistent with and for the purpose of implementing the provisions of
7 this section.

8 (e) The secretary of transportation shall not enter into any agreement
9 to guarantee a discount airline program under the provisions of this sec-
10 tion unless such action has been authorized by act of the legislature or
11 has been approved by the state finance council acting on this matter which
12 is hereby characterized as a matter of legislative delegation and subject
13 to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and
14 amendments thereto, except that such approval may also be given when
15 the legislature is in session.

16 Sec. 2. (a) The discount airline guarantee program fund is hereby
17 established in the state treasury which shall be for the purpose of facili-
18 tating the financing and operation pursuant to section 1, and amendments
19 thereto.

20 The secretary of transportation shall administer the fund. All expend-
21 itures from the fund shall be made in accordance with appropriation acts
22 upon warrants of the director of accounts and reports issued pursuant to
23 vouchers approved by the secretary of transportation or by a person or
24 persons designated by the secretary in accordance with the provisions of
25 subsection (b).

26 (b) Upon written request of a qualified entity, the secretary of trans-
27 portation shall pay from the discount airline guarantee fund to a qualified
28 entity an amount equal to any amount paid by the city of operation pur-
29 suant to the financial guarantee required by subsection (c)(2) of section
30 1, and amendments thereto. The total amount so paid shall not exceed
31 the aggregate limit of \$4,000,000, except that the secretary of transpor-
32 tation shall pay an amount of not to exceed \$2,000,000 from the fund
33 only after the city of operation has paid \$2,000,000 to the qualified entity
34 for this purpose and, thereafter, the secretary of transportation shall pay
35 an additional amount of not to exceed \$2,000,000 from the fund only
36 after the city of operation has paid an additional \$2,000,000 to the qual-
37 ified entity for this purpose.

38 (c) The provisions of this act shall expire on July 1, 2004.

39 Sec. 3. This act shall take effect and be in force from and after its
40 publication in the statute book.

41
42
43